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TRUST TERRITORY OF THE PACIFIC ISLANDS

GROUND LEASE AGREEMENT

SAIPAN, MARIANA ISLANDS

THIS LEASE IS MADE AND ENTERED into the 9th day of March, 1973, and between HERMAN M. MANGLONA of San Jose Village, Tinian, Mariana Islands, hereinafter referred to as "Lessor", and PACIFIC BASIN HOTEL & DEVELOPMENT CORPORATION Trust Territory corporation, hereinafter referred to as "Lessee";

W I T N E S S E T H :

FOR AND IN CONSIDERATION of the payment of rent and of the covenants, terms and conditions hereinafter provided, the Lessor does hereby lease to the Lessee, and the Lessee does hereby take from the Lessor, the following described parcel of real property, to wit:

LOT NO. 034 T O 3 (formerly Agricultural Homestead No. 74), containing an area of 50,788 square meters, more or less, as shown on Division of Lands and Surveys Cadastral Plat No. 034 T00, approved on July 18, 1972, a copy of which is attached hereto and made a part hereof as Exhibit A.

TO HAVE AND TO HOLD, the said real property and improvements thereon, unto the Lessee and its assigns for an initial term of ten (10) years commencing on the date of approval of this lease by the High Commissioner, and ending ten (10) years thereafter, upon the following rental, terms, covenants and conditions:

1. LESSOR'S WARRANTY: Lessor warrants that it is the sole, true and lawful owner of the leased premises, and that it has good right to lease the same to the Lessee and that the leased premises are free and clear of all liens and encumbrances and that all real property taxes on the premises are paid through December 31, 1972, and upon the performance of the covenants and conditions by the Lessee hereinafter contained, the Lessee shall peaceably hold and enjoy the said premises for the term set forth herein, without any suits, hindrances, molestations, or interruptions by any person whatever lawfully claiming any right therein.

2. RENTAL: Lessor reserves and Lessee agrees to pay as rental for the leased premises the following amount:

The rental to be paid for the initial ten (10) year term of this lease shall be FIVE HUNDRED DOLLARS (\$500.00)***** per month, payable on or before the first day of each month in advance.

3. OPTION TO EXTEND: Lessee shall have the right and option to extend this

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lease for five (5) additional successive terms of ten (10) years each, upon the following rental:

- a. First Option: FIVE HUNDRED and FIFTY DOLLARS (\$550.00) per month.
- b. Second Option: SIX HUNDRED and FIVE DOLLARS (\$605.00) per month.
- c. Third Option: SIX HUNDRED SIXTY-FIVE DOLLARS (\$665.00) per month.
- d. Fourth Option: SEVEN HUNDRED and THIRTY-FIVE DOLLARS (\$735.00) per month.
- e. Fifth Option: EIGHT HUNDRED and TEN DOLLARS (\$810.00) per month.

Lessee's option to extend shall in each and every case be deemed exercised unless the Lessee gives the Lessor written notice that it elects not to extend at least ninety (90) days prior to the expiration date of the then current term. Lessee may at any time extend the then current term by notifying the Lessor in writing that it elects to exercise one or more of the remaining successive options.

4. **LIABILITY INSURANCE:** Lessee covenants and agrees to save and keep harmless the Lessor against all claims or damages to persons or property arising from injuries sustained on the premises other than those resulting from the Lessor's fault or negligence and in connection therewith, Lessee agrees to procure and maintain in force during the term of this lease and any extension thereof, at its expense, public liability insurance in companies and through brokers approved by Lessor, adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased premises, including parking lots, sidewalks and steps, in a minimum amount of \$100,000.00 for each person injured; \$300,000.00 for any one accident; and \$50,000.00 for property damage. Such insurance policies shall provide coverage for Lessor's contingent liability on such claims or losses.

5. **UTILITY CHARGES AND TAXES:** Lessee shall pay all charges for water, electricity, telephone and all other utility services furnished to the leased premises, and shall also pay any sewer charges if any. All real property taxes upon the

land and improvements during the lease term will be paid by the Lessee; provided, however, that in the event the Lessee believes such taxes have been unlawfully imposed or are unjustly exorbitant, it shall have the right at its own expense to contest the payment of such taxes in the name of the Lessor so long as the taxes are ultimately paid.

6. SANITATION: Lessee shall keep the leased premises in a reasonably clean and sanitary condition, with due regard for the use being made of the premises.

7. ALTERATION TO LAND AND BUILDINGS: Lessor agrees that Lessee shall have the right to remove, alter, make additions, or change any building or structure now existing on the premises or later erected thereon provided that any improvement removed or altered or changed shall be replaced by an improvement of greater market value; provided, however, Lessee is to obtain Lessor's written consent, said consent not to be unreasonably withheld.

8. CONDEMNATION: Lessor and Lessee covenant and agree that in the event the whole or any substantial part of the parcel hereby leased shall be taken in condemnation proceeding or by any right of eminent domain, or otherwise, for public purposes, then and on the happening of any such event, this lease and the term hereby granted with respect to such parcel, shall cease and expire thirty (30) days after the notice of taking is received by Lessee, and any unearned rent paid in advance by the Lessee shall be refunded pro rata. The Lessor and Lessee may each independently file separate claims in such proceedings for the purpose of having the value of their respective interests determined, and the award shall be paid accordingly; but if the public or governmental authorities shall object or refuse to permit separate claims to be proved and/or distribute said award in such manner, the Lessor will prosecute all claims for damages to the entire parcel on behalf of the Lessor and Lessee (and authority to do so is hereby granted), and after deducting all expenses incurred by the Lessor incident thereto, the balance of said award shall be divided between the Lessor and the Lessee pro rata in proportion of their respective interests as established in said proceeding. In the event the Lessor prosecutes said claim on behalf of both parties hereto, all such awards shall be paid to the Lessor for the account of the Lessor and the Lessee

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as hereinabove provided. In any such suit, the Lessee may, at its own expense, retain and have its interests represented by legal counsel of its choice.

9. ASSIGNMENT: Lessee may not assign, sublease or mortgage its leasehold interest herein or any part hereof without the consent of the Lessor; and the approval of the High Commissioner.

10. USE - COMPLIANCE WITH LAWS AND RESTRICTIONS: Lessee shall have the peaceful and quiet use of the leased premises without hindrance on the part of the Lessor, and the Lessor shall warrant and defend the Lessee in such peaceful and quiet use against the lawful claims of all persons claiming by, through or under the Lessor. Lessee shall not breach or suffer the breach of any of the conditions, agreements and restrictions of record affecting the leased premises and shall hold the Lessor harmless from all consequences of any such breach. Lessee shall comply with all present and future laws and regulations of duly constituted public authorities now or hereafter in any manner affecting the leased premises, the adjacent sidewalks or any buildings thereon or the use thereof, provided the Lessee may in good faith at its own expense, contest any such regulation it deems unreasonable or unlawful.

11. ACCESS TO PREMISES: Lessee shall permit the Lessor or its agents to enter the demised premises at all reasonable hours for the purpose of inspection, or of making repairs that the Lessee may neglect or refuse to make in accordance with the agreements, terms, covenants and conditions hereof, and also for the purpose of showing the demised premises to persons wishing to purchase the same. Lessee shall, within two (2) months prior to the expiration of the term or any renewal, provided that the Lessee has notified the Lessor in writing as herein provided that it will not exercise the next successive renewal option, permit the Lessor to erect the usual notices of "To Let", "For Rent", and "For Sale" on the demised premises and allow the same to remain there without hindrance or molestation.

12. DEFAULT: (a) WHAT CONSTITUTES. Each of the following events shall be a default hereunder by the Lessee and a breach of this lease:

(1) NONPAYMENT OF RENT. If the Lessee shall fail to pay the Lessor any rent or additional rent as and when the same shall become due and payable

and shall not make such payment within thirty (30) days after actual notice thereof by the Lessor to the Lessee;

(2) NONPERFORMANCE OF CONDITIONS. If the Lessee shall fail to perform any of the covenants or conditions on the Lessee's part to be performed and if such nonperformance shall continue for a period of sixty (60) days after notice thereof by the Lessor to the Lessee or, if such performance cannot be reasonably had within such sixty (60) day period, the Lessee shall not in good faith have commenced such performance within such sixty (60) day period and shall not diligently proceed therewith to completion.

(b) EFFECT OF DEFAULT: In the event of any such default and the same is not cured as provided herein:

(1) CANCELLATION OF LEASE. The Lessor shall have the right to cancel and terminate this lease, as well as all of the right, title and interest of the Lessee hereunder, by giving to the Lessee not less than thirty (30) days written notice of such cancellation and termination, and upon the expiration of the time fixed in such notice this lease and the term hereof, as well as all of the right, title and interest of the Lessee hereunder, shall expire in the same manner and with the same force and effect, except as to the Lessee's liability, as if the expiration of the time fixed in such notice of cancellation and termination were the end of the term herein originally determined.

(2) PERFORMANCE BY LESSOR. Lessor at its option may, but shall not be obligated to, make any payment required of Lessee herein or comply with any agreement, term, covenant or condition, required hereby to be performed by Lessee, and Lessor shall have the right to enter the demised premises for the purpose of correcting or remedying any such default and to remain until the same shall have been corrected or remedied but any expenditure for such performance by Lessor shall not be deemed to waiver or release Lessee's default or the right of Lessor to take such action as may be otherwise permissible hereunder in case of such default.

(c) ENTRY AND POSSESSION: In the event of cancellation or termination of this lease, Lessor may re-enter and repossess the demised premises, using such force for the purpose as may be necessary without being liable to prosecution therefor, and Lessee shall nevertheless remain and continue liable to Lessor in a sum equal to all rents and additional rent reserved herein for the remainder

of the then current term. If Lessor shall so re-enter, the Lessor may repair the demised premises as reasonably necessary and shall let or relet the demised premises or any parts thereof for the whole or any part of the remainder of the term herein demised or for a longer period, in Lessor's name or as the agent of Lessee. Out of any rent collected or received as a result of such letting or reletting, Lessor shall:

(1) Pay to itself the cost and expense of retaking, repossessing or repairing the demised premises, and the cost and expense of removing all persons therefrom;

(2) Pay to itself the cost and expense sustained in securing any new lessees; and

(3) Pay to itself any balance remaining on account of the liability of Lessee to Lessor for the sum equal to all rent and additional rent reserved herein and unpaid by Lessee for the remainder of the then current term.

No re-entry by Lessor as a result of Lessee's default herein, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Lessee from liability hereunder.

(d) DEFICIENCY: Should any rent so collected by Lessor after the aforementioned payments be insufficient to fully pay to Lessor a sum equal to all such rent and additional rent reserved herein, the balance or deficiency shall be paid by Lessee on the rent days herein specified: on each of such rent days Lessee shall pay to Lessor the amount of the deficiency then existing; and Lessee shall be and remain liable for any such deficiency, and the right of Lessor to recover from the Lessee the amount thereof, or a sum equal to all such rent and additional rent reserved herein, if Lessor is unable to rent, shall survive the issuance of any dispossessory warrant or other cancellation or termination hereof, and Lessee shall be entitled to retain any surplus.

(e) ELECTION OF REMEDIES: If any of the circumstances above-mentioned in which Lessor shall have the right to hold Lessee liable on the several rent days as above provided, Lessor shall have the election, in place of and instead of holding Lessee so liable, forthwith to recover against Lessee as damages for loss of the bargain and not as a penalty, in addition to any other damage becoming due

under Section 12 hereof, an aggregate sum which, at the time of such termination of this lease or of such recovery of possession of the demised premises by Lessor, as the case may be, represent the then present worth of the excess, if any, of the aggregate of the rent and additional rent and all other charges payable by Lessee hereunder that would have accrued for the balance of the then current term over the aggregate rental value of the demised premises for the balance of such term. Such rental value is to be computed on the basis of a lessee paying not only a rent to Lessor for the use and occupation of the demised premises, but also such additional rent and other charges as are required to be paid by Lessee under the terms of this lease.

(f) ACTIONS FOR DEFICIENCY: Suit or suits for recovery of such deficiency or damage, or for a sum equal to any installment or installments of rent and additional rent hereunder, may be brought by Lessor, from time to time at Lessor's election, and nothing therein contained shall be deemed to require Lessor to await the date whereon this lease or the term hereof would have expired by limitation had there been no such default by Lessee or no such cancellation or termination.

(g) WAIVERS BY LESSEE: Lessee hereby waives any and all rights to recover or regain possession of the demised premises or to reinstate or to redeem this lease or other right of redemption as permitted or provided by or under any statute, law or decision now or thereafter in force and effect.

(h) LIQUIDATED DAMAGES: Nothing in this Section 12 contained shall limit or prejudice the right of Lessor to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization, or dissolution proceeding any amount equal to the maximum allowed by any statute, or rule of law governing any such proceeding, and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the damages referred to in either of the preceding subdivisions.

13. NO REPRESENTATIONS BY LESSOR: At the commencement of the term, Lessee shall accept the buildings and improvements and any equipment on or in the demised premises in their existing condition and state of repair, and Lessee covenants that no representations, statements, or warranties, express or implied, have been made

on behalf of Lessor in respect thereof, in respect of ther condition, or the use or occupation that may be made thereof, and that Lessor shall in no event whatsoever be liable for any latent defects herein.

14. NO WAIVER: The failure of Lessor to insist on a strict performance of any of the agreements, terms, covenants, and conditions hereof shall be deemed a waiver of any rights or remedies that Lessor may have, and shall not be deemed a waiver of any subsequent breach or default in any of such agreements, terms, covenants, and conditions.

15. LESSOR NOT LIABLE FOR INJURY OR DAMAGE: Lessee is and shall be in exclusive control and possession of the demised premises as provided herein, and Lessor shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on or about the demised premises, nor for any injury or damage to any property of Lessee, or for injury to any other person contained therein. The provisions hereof permitting Lessor to enter and inspect the demised premises are made for the purpose of enabling Lessor to be informed as to whether Lessee is complying with the agreements, terms, covenants and conditions hereof, and to do such acts as Lessee shall fail to do.

16. SURRENDER OF POSSESSION: Lessee shall, on the last day of the term, or on the earlier termination of the term, peaceably and quietly surrender and deliver the demised premises to Lessor free of subtenancies and broom-cleaned.

Any permanent improvements made by Lessee on the demised premises and which remain on the property at the termination or expiration of the lease shall likewise revert to and become the property of the Lessor as hereinbefore provided. Any trade fixtures or personal property not used in connection with the operation of the demised premises and belonging to Lessee or any sublessee, if not removed at at such termination and if Lessor shall so elect, shall be deemed abandoned and become the property of the Lessor without any payment or offset therefor. If Lessor shall not so elect, Lessor may remove such fixtures or property from the demised premises and store them at Lessee's risk and expense. Lessee shall repair and restore, and indemnify the Lessor against, all damage to the demised premises caused by the removal therefrom, whether by Lessee or Lessor, for all such trade fixtures and personal property.

17. GIVING OF NOTICE: Any notice from one party to the other hereunder shall be in writing, and shall be deemed to have been duly given, if delivered personally or mailed, enclosed in a registered, postpaid envelope, addressed to the respective address below stated:

TO LESSOR: San Jose Village, Tinian, Mariana Islands 96950

TO LESSEE: P. O. Box 66, Saipan, Mariana Islands 96950

Either Lessor or Lessee may at any time, change such address by delivering or mailing, as aforesaid, notice at least ten (10) days previously, stating the change.

18. UTILITY EASEMENTS: The Lessor agrees to grant from time to time such easements as may be reasonably required for extending utility services to the premises, including but not limited to, electricity, sewer, and water. The granting of such easements as may be required shall be without cost or charge to the Lessee.

19. MISCELLANEOUS PROVISIONS: Lessor and Lessee mutually covenant and agree:

(a) ABANDONMENT. Lessee agrees and covenants that in the event Lessee abandons the property, this shall be considered a default of the lease agreement.

(b) TYPE OF BUSINESS CONDUCTED. Lessee covenants and agrees that the demised premises shall be used only for all purposes authorized by the charter of Pacific Basin Hotel & Development Corporation.

(c) This lease shall become valid and binding only after it has been approved in writing by the High Commissioner of the Trust Territory of the Pacific Islands.

(d) PROTECTION OF PROPERTY. Lessee shall take all necessary measures to protect buildings and their contents from severe weather conditions, including but not limited to, storms, typhoons, rain and high winds and shall not commit waste on the premises.

(e) INSURANCE. The Lessee agrees to carry casualty insurance against the hazards of fire, typhoon, and earthquake or other unavoidable casualties destroying or damaging any building constructed or erected on the said demised premises to the full insurable value thereof. Any insurance payable for loss sustained to the demised premises or improvements thereon may be used by the Lessee to re-

pair or restore the same. Such insurance shall be placed in a company or companies acceptable to the Lessor and the Lessee shall deliver over to the Lessor a certificate, on the part of the local agent of said company or companies, showing that such policies are in full force and effect.

(f) FIRE, CASUALTY, ETC. If the demised premises including any improvements hereafter constructed or erected thereon, shall be destroyed or damaged by fire, or any action of the elements, or other casualty, the Lessee agrees to repair the destruction or damage with reasonable dispatch after notice thereof. In such case all rents paid in advance shall be apportioned as of the date of destruction or damage, and the rent thereafter accruing shall be equitably and proportionately suspended and adjusted according to the nature, extent, and duration of the destruction or damage pending completion of repairs, except that in the event the demised premises are rendered untenable, or in the event the destruction or damage is so extensive, in the mutual opinion of the Lessors and the Lessee, as to make it unfeasible to continue use of the demised premises, the rent shall be completely abated until the premises are restored by the Lessees, or until the Lessee resumes the use of the demised premises, whichever shall occur first.

Notwithstanding any provision of the above paragraph, in case the demised premises are so destroyed or damaged by fire and any action of the elements, or other casualty, as to render them untenable, the Lessee shall have the option of terminating this lease or any renewal thereof by giving notice thereof within thirty (30) days after such destruction or damage, and if the lease is so terminated, rent shall cease as of the date of the destruction or damage, and any prepaid rent shall be refunded.

In the event of such termination, any insurance proceeds received for loss to any improvement constructed or erected on the premises at the Lessee's expense shall be paid to the Lessee to the extent of the Lessee's unamortized investment therein.

All covenants, provisions, conditions, and obligations herein contained or implied by law are covenants running with the land and shall attach to and be binding upon the heirs, executors, administrators, successors, legal representatives and assigns of each of the parties hereto.

The terms "Lessor" and "Lessee" as used herein shall be construed to mean

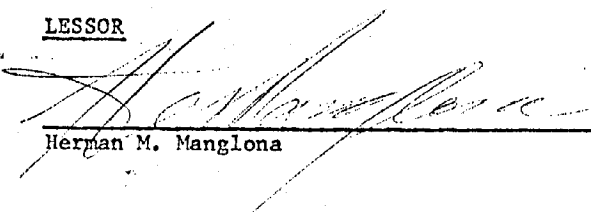
either the singular or plural, masculine or feminine, or any person, persons, firm, or corporation, collectively or individually, and their respective heirs, successors and assigns, whenever the context so requires or admits.

This instrument contains the entire agreement between the parties hereto as of this date and that the execution hereof has not been induced by either of the parties by representations, promises or understandings not expressed herein; there are no collateral agreements, stipulations, promises or undertakings whatsoever upon the respective parties in any way touching the subject matter of this instrument which are not expressly contained in this instrument.

This agreement shall inure to the benefit of, and bind, the Lessor, jointly and severally, and the Lessee, and its successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto executed the foregoing instrument, the day and year first above written.

LESSOR


Herman M. Manglona

LESSEE

PACIFIC BASIN HOTEL & DEVELOPMENT CORPORATION
By: 
ROBERT H. JONES, Vice President

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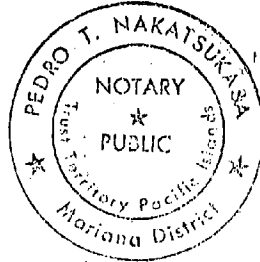
TRUST TERRITORY OF THE PACIFIC ISLANDS

MARIANA ISLANDS DISTRICT

On this 4th day of June, 1973, before me, personally appeared HERMAN M. MANGLONA, known to me to be the person whose name is subscribed to the within Lease Agreement as Lessor and he acknowledged to me that he executed the same.

WITNESS my hand and official seal, the date above written.

[Signature]
Pedro T. Nakatsukasa NOTARY PUBLIC
TRUST TERRITORY OF THE PACIFIC ISLANDS
Mariana Islands District
25th My Commission expires on the 15th day of April, 19 75



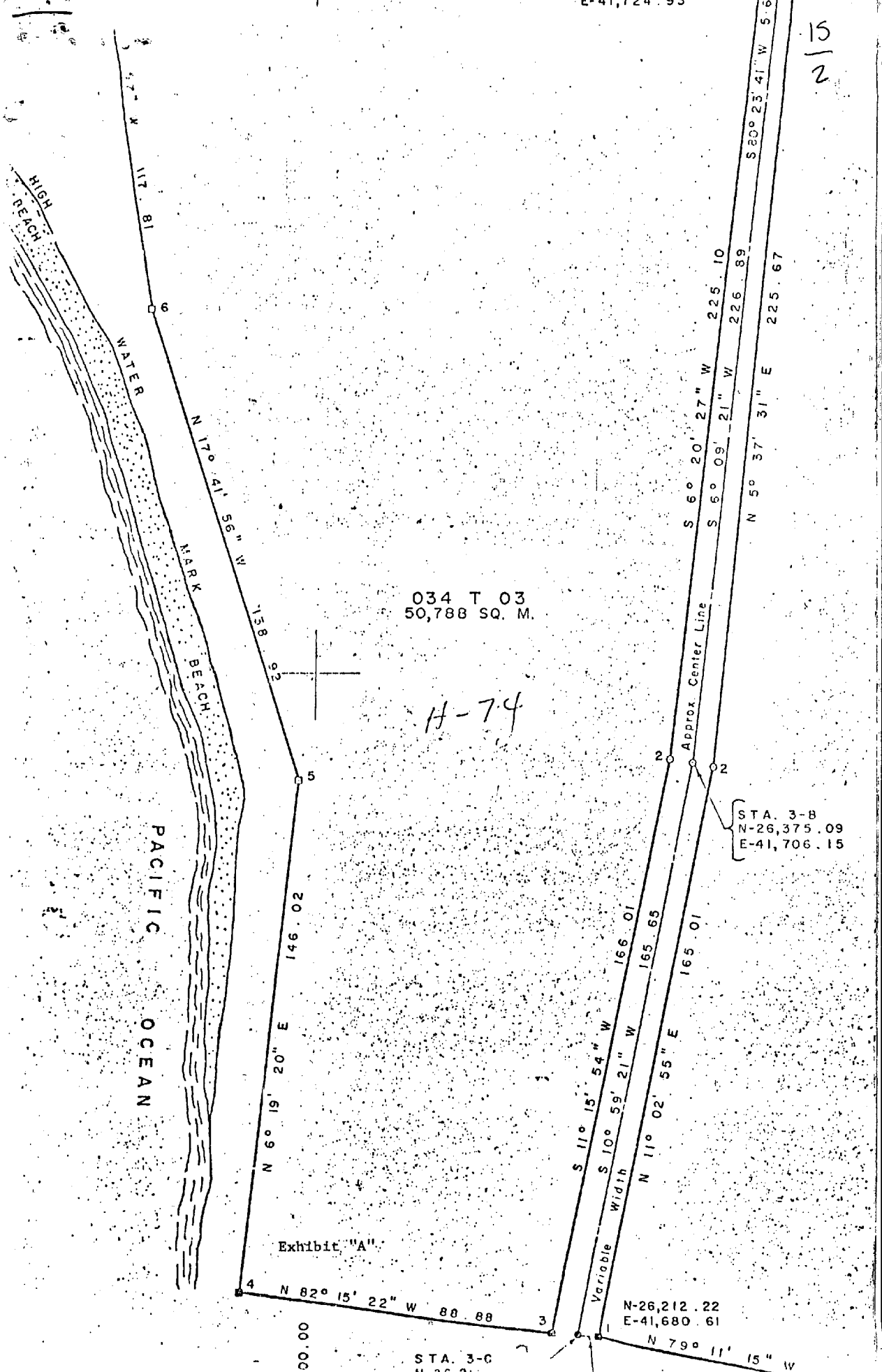
TERRITORY OF GUAM

CITY OF AGANA

On this 7th day of March, 1973, before me, a Notary Public in and for the territory of Guam, personally appeared ROBERT H. JONES, known to me to be the Vice President of PACIFIC BASIN HOTEL & DEVELOPMENT CORPORATION, the corporation that executed the within Lease Agreement as Lessee, and he acknowledged to me that he executed the same for and on behalf of said corporation.

WITNESS my hand and official seal, the date above written.

[Signature]
NOTARY PUBLIC
PEDRO C. PUNO
Notary Public
In and for the Territory of Guam
My Commission expires Aug. 13, 1975



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50,788 SQ. M.

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STA. 3-B
N-26,375.09
E-41,706.15

N-26,212.22
E-41,680.61

Exhibit "A"

STA. 3-C
N-26,212.22
E-41,680.61

03-023227

00.00

N 6° 19' 20" E 146.02

N 17° 41' 55" W 158.26

PACIFIC OCEAN

WATER

HIGH BEACH

WATER MARK BEACH

117.81

N 82° 15' 22" W 80.88

Variable Width
S 11° 15' 54" W 166.01
S 10° 59' 21" W 165.65
N 11° 02' 55" E 165.01

S 6° 20' 27" W 225.10
S 6° 09' 21" W 226.89

N 5° 37' 31" E 225.67

Approx. Center Line

S 20° 23' 41" W 5.63