

AGREEMENT RE: URBAN DEVELOPMENT ACTION GRANT

This Agreement Re: Urban Development Action Grant (this "Agreement") is entered into this 30th day of January, 2002 by and between The Community Redevelopment Agency of the City of Los Angeles, a public body, corporate and politic (the "Agency") and TrizecHahn Hollywood LLC, a Delaware limited liability company (the "Developer") with reference to the following facts:

RECITALS

A. The Agency and the Developer entered into that certain Disposition and Development Agreement dated as of February 10, 1999 (the "DDA") pursuant to which the Developer agreed, among other things, to construct an approximately 260,000 square foot live broadcast theater in the Hollywood district of Los Angeles (the "Theater").

B. Pursuant to the DDA, the Agency agreed to fund up to Thirty Million Dollars (\$30,000,000) of the construction costs of the Theater and to reimburse the Developer for a portion of the acquisition costs for a parcel of real property upon which the Theater was to be constructed (the "Theater Property"). The Agency has advanced funds to the Developer from another source to reimburse the Developer for its acquisition cost related to the Theater Property.

C. The City of Los Angeles (the "City") has entered into that certain Urban Development Action Grant ("UDAG") Grant Agreement with the United States Department of Housing and Urban Development ("HUD") dated as of June 8, 1988, as amended by that certain Amendment No. 1 to Grant Agreement, dated November 21, 2001 (collectively the "Grant Agreement") pursuant to which HUD agreed to provide Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) to the City (the "UDAG Funds"). The UDAG Funds are intended to be used by the City to fund a loan to the Agency to allow the Agency to reimburse itself for the advance previously made to the Developer by the Agency as reimbursement for acquisition costs incurred by the Developer related to the Theater Property.

D. The Grant Agreement requires that the UDAG Funds may only be spent in conjunction with the expenditure of certain minimum amounts of debt and equity as specified the Grant Agreement. In addition, Section 5.03 of the Grant Agreement requires that a good faith effort be made to generate a certain amount of jobs resulting from the development of the Theater.

E. The Agency and the Developer acknowledge that the receipt and application of UDAG Funds as described above have been a necessary component to allow for the successful completion of the Theater and that the receipt and application of the UDAG Funds as described above are of benefit to both the Agency and the Developer. The Agency and the Developer have each been listed as Participating Party under the Grant Agreement as such term is defined in the Grant Agreement. The Agency and the Developer have agreed to work together pursuant to the

terms of this Agreement to meet the Grant Agreement obligations related to the use of funds, the generation and reporting of jobs and such other general obligations of a Participating Party.

F. Due to the unique character of the Theater, including but not limited to its function as the venue of the Academy of Motion Picture Arts & Sciences Awards, a wide variety of types of jobs will be generated including, but not limited to, permanent and part time jobs in the Theater itself, full time and part time seasonal jobs related to Theater programming, jobs during the Academy Awards, full time and part time jobs on and off the Theater Property for productions scheduled throughout the year, other jobs created in Hollywood & Highland related to food services and retail sales to serve the end users of the Theater and other jobs created throughout Hollywood to serve the end users of the Theater.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations set forth herein, and in further consideration for the promises and obligations in the DDA, the Agency and the Developer hereby agree as follows:

Section 1. Expenditure of Funds. Subject to the provisions of the DDA, the Agency agrees that it will invest not less than Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) for Theater land acquisition costs and Thirty Million Dollars (\$30,000,000) for the development of the Theater. The Developer shall invest not less than Forty One Million Six Hundred Twenty Seven Thousand Five Hundred Ninety One Dollars (\$41,627,591) in equity and not less than Seventeen Million Two Hundred Twenty Thousand Three Hundred Forty Eight Dollars (\$17,220,348) in private financing for the acquisition of the Theater Property and the development of the Theater.

Section 2. Certifying Expenditures. The Developer shall provide the Agency with a cost certification in sufficient detail to evidence the expenditure of the Developer's equity and debt financing set forth in Section 1 above. The certification shall be submitted to the Agency no later than sixty (60) days following a filing of a certificate of completion for the Theater by the Developer or its contractor or such other time as agreed upon by the parties. The cost audit required to be provided to the Agency by the Developer pursuant to the DDA shall satisfy the requirements of this Section upon approval of the audit by the Agency.

Section 3. Jobs. The Developer agrees that it will use its best efforts to cause three hundred and twenty-three (323) full time equivalent employment opportunities relating to the Theater to be created. Developer further agrees to use best efforts to assure that one hundred and sixty-five (165) of the jobs will be available to Low and Moderate Income persons as such term is defined in Section 570.3 of 24 C.F.R. Part 570. The Developer shall use best efforts to achieve the job generation goal within thirty-six (36) months following the date of the Grant Agreement.

Section 4. Job Reporting. The Developer shall use its good faith efforts to document the number of jobs developed and the number of Low and Moderate Income persons placed into the Jobs. Commencing one year following the date of this Agreement and continuing each year thereafter until the job generation goal has been met, the Developer shall submit an annual report to the Agency, substantially in the form attached to this Agreement as Exhibit A, reporting the

number and types of jobs generated by the Theater during the preceding year. The annual report shall include but not be limited to the following: (i) employee name; (ii) employee address; (iii) the number of hours worked per month; (iv) the date employment commenced; (v) job title; and (vi) whether the employment is seasonal or event-specific. In calculating full-time equivalent jobs, part-time, seasonal and event specific jobs shall be prorated based on hours worked and length of time at the Project.

Section 5. Schedule. The Agency and the Developer agree that the acquisition of the land for the Theater has been completed and construction has commenced on the Theater as of the date of this Agreement. The Developer agrees to complete construction of the Theater no later than November 30, 2002.

Section 6. Conflict of Interest. The Agency and the Developer shall abide by the conflict of interest rule contained in 24 CFR Section 570.611 in regards to the acquisition of the land for the Theater and the development of the Theater.

Section 7. Certifications. The Developer shall provide the certifications set forth in Section 4.1 (c) of the Cooperation Agreement between the City and the Agency dated as of December 31, 2001.

Section 8. Maintaining Records and Right to Inspect. The Developer shall keep and maintain books, records and other documents relating to the acquisition of the of the Theater Property and the payment of the Developer by the Agency for the costs related to the acquisition of the Theater Property. Upon five (5) business days notice, during business hours and at the site where such records are maintained, the Developer shall allow representatives of HUD, the Comptroller General of the United States or the Agency access to and the right to inspect and audit records related to the acquisition of the Theater Property until such time as the UDAG grant is closed out.

Section 9. DDA Controls. This Agreement is intended to be read in conjunction with the DDA and to supplement the provisions contained therein. In the event there is a conflict between the provisions of this Agreement and the DDA, the DDA shall control.

Section 10 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute one and the same instrument.

POVERTY CENSUS ZIP CODES

✓ 90004	✓ 90005	✓ 90006	✓ 90007	✓ 90010	✓ 90011
✓ 90012	✓ 90013	✓ 90014	✓ 90015	✓ 90017	✓ 90018
✓ 90019	✓ 90020	✓ 90021	✓ 90023	✓ 90026	✓ 90031
✓ 90033	✓ 90037	✓ 90057	✓ 90058	✓ 90071	✓ 90089 none
✓ 90001	✓ 90002	✓ 90003	90004 repeat	90005 repeat	✓ 90006
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✓ 90061	✓ 90062	✓ 90063	✓ 90065	✓ 90066	90071 none
✓ 90089 none	✓ 90230	✓ 90291	90501 none	90710 none	✓ 90731
✓ 90744 none	✓ 91040	✓ 91042	91304 none	✓ 91306	✓ 91311 none
91324 none	✓ 91331	✓ 91340	91342 none	✓ 91348 none	91352 none
✓ 91402	✓ 91406	✓ 91411	✓ 91601	✓ 91605	✓ 91606

Mark

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Here's the
list.

[Signature]

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