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STEWART TITLE

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APN (portion) 1318-27-001-009

Recording Requested By:

**Stewart Title of Douglas County**

1663 US Highway 395 N, Ste. 101

Minden, NV 89423

040502819

LEASEHOLD DEED OF TRUST  
(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 1-2.  
(Additional recording fee applies)

This cover page must be typed.

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
Attention: Cynthia Parker

STATE OF NEVADA

DEED OF TRUST, ASSIGNMENT OF  
LEASES AND SECURITY AGREEMENT

COUNTY OF DOUGLAS

[Nevada #148]

*APR. 1318-27-001-009/040502819*

THIS SECOND LIEN LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASE AND RENTS AND SECURITY AGREEMENT COVERS GOOD WHICH ARE OR ARE TO BECOME FIXTURES, IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING AND IS TO BE FILED IN THE REAL ESTATE RECORDS.

COLLATERAL IS OR INCLUDES FIXTURES

THIS CREDIT LINE SECOND LIEN LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (the "Deed of Trust") is made and entered into as of the 16 day of November, 2004, by and among

WALLACE THEATER CORPORATION, a <sup>California</sup> ~~Delaware~~ corporation (the "Grantor")

STEWART TITLE GUARANTY COMPANY, having an address at 1980 Post Oak Boulevard, Suite 800, Houston, Texas ("Trustee"); and

WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association (formerly known as First Union National Bank), in its capacity as Second Lien Collateral Agent (in such capacity, the "Agent").

RECITALS:

WHEREAS, certain parties hereto are parties to that certain Credit Agreement dated as of April 23, 1999, as amended and restated as of December 31, 2001 (as the same may have been amended, supplemented, restated or modified, the "Existing Credit Agreement") among Hollywood Theater Holdings, Inc., Hollywood Theaters, Inc., Lois Business Development Corporation, Pacific Rim Business Development Corporation, Grantor, First Union National Bank, as administrative agent, and the several banks and other financial institutions or entities from time to time parties thereto;

WHEREAS, certain parties to the Existing Credit Agreement have amended and restated the Existing Credit Agreement pursuant to an amendment and restatement dated as of August 9, 2004 (the "Credit Agreement") among Hollywood Theaters, Inc., Lois Business Development Corporation, Pacific Rim Business Development Corporation, Hollywood Theater Holdings, Inc., Wachovia Bank, National Association, as Administrative Agent, First Lien Collateral Agent and Second Lien Collateral Agent, and the several banks and other financial institutions from time to time parties thereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement,



the Intercreditor Agreement (as defined below), and the Second Lien Guarantee and Collateral Agreement (as defined in the Credit Agreement), as applicable;

WHEREAS, St. Joseph Development Co., LLC, ("Lessor") is the owner of the fee simple interest in the real property described on Exhibit A attached hereto and incorporated herein by reference which land, together with the buildings and other improvements thereon, have been leased by Lessor to Grantor, all pursuant to the terms of a certain Lease Agreement and as more particularly described on Schedule 1 attached hereto and incorporated herein by reference (as the same may have been amended; supplemented, restated or otherwise modified, the "Lease");

WHEREAS, it is a requirement under the Credit Agreement that the Grantor shall have executed and delivered this Deed of Trust to the Agent for the benefit of the Second Priority Secured Parties, the Administrative Agent, and the Agent; and

WHEREAS, as provided in the Intercreditor Agreement referred to below, the security interests created hereby are subject and subordinate to certain other security interests in favor of various parties referred to therein.

W I T N E S S E T H:

The Grantor, in consideration of the indebtedness herein recited and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agrees that to secure the Obligations (as defined below) Grantor has irrevocably granted, released, sold, remised, bargained, assigned, pledged, warranted, mortgaged, transferred and, conveyed and confirmed, and does hereby grant, release, sell, remise, bargain, assign, pledge, warrant, mortgage, transfer, convey and confirm unto the Trustee and the Trustee's successors and assigns for the benefit of the Agent with power of sale, forever, a continuing security interest with POWER OF SALE and right of entry for the benefit of Second Priority Secured Parties in and to the following described land, real property interests, buildings, improvements and fixtures and other rights and interests:

(a) all of Grantor's right, title and interest in that tract or parcel of land and other real property interests in Douglas County, Nevada more particularly described in Exhibit A attached hereto and made a part hereof (the "Land") created by the Lease (the "Leasehold Interest"), and any after-acquired estate of the Grantor in the Land, any option to purchase the Land now or hereafter existing in favor of Grantor, and all of the Grantor's right, title and interest in and to rights appurtenant thereto, including easement rights;

(b) all of Grantor's right, title and interest in and to all buildings and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements") and all materials intended for construction, reconstruction, alteration and repair of such Improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the premises hereby conveyed immediately upon the delivery thereof to the aforesaid Land, and all fixtures now or hereafter owned by the Grantor and attached to or contained in and used in connection with the aforesaid Land and Improvements and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Land and Improvements in any manner (the "Tangible Personalty"), and all proceeds of the Tangible Personalty (hereinafter, the Leasehold Interest, the Improvements and Tangible Personalty may be collectively referred to as the "Premises"), all the Tangible Personalty which comprise a part of the Premises shall, as far as permitted by law, be deemed to be affixed to the aforesaid Land and conveyed therewith, and Grantor hereby grants a security interest as to the balance of the Tangible Personalty and the Intangible Personalty, and this Deed of Trust shall be considered to be a security agreement which creates a security interest in such items, subject to the terms



of the Intercreditor Agreement. In that regard, the Grantor hereby grants to the Agent all of the rights and remedies of a secured party under the laws of the state in which the Premises are located.

(c) any and all other, further or additional title, estates, interests or rights which Grantor now owns or which may at any time be acquired by Grantor in or to the Land, or the Lease, and Grantor agrees that if Grantor shall, at any time prior to payment in full of the indebtedness secured hereby, acquire any other estate to the Land or the Lease, the lien of this Deed of Trust shall attach, extend to, cover and be a lien upon such estate;

(d) all the security deposits, rents, issues, profits and revenues of the Premises from time to time accruing (the "Rents and Profits"), reserving only the right to the Grantor to collect and apply the same as Grantor chooses as long as there shall exist no Event of Default (as defined in Article III);

(e) the right, title and the interest of the Grantor in and to any and all insurance policies and proceeds thereof and any and all leases (including equipment leases), rental agreements, management contracts, franchise agreements, construction contracts, architects' contracts, technical services agreements, or other contracts, licenses and permits to the extent now or hereafter relating the Premises (the "Intangible Personalty") or any part thereof, and the Grantor agrees to execute and deliver to the Agent such additional instruments, in form and substance reasonably satisfactory to the Agent, as may hereafter be reasonably requested by the Agent to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Agent to any lease, rental agreement, management contract, franchise agreement, construction contract, technical services agreement or other contract, license or permit, or to impose upon the Agent any obligation with respect thereto. Notwithstanding the foregoing provisions, such assignment and grant of security interest contained herein shall not extend to, and the Intangible Personalty shall not include, any personalty which is now or hereafter held by the Grantor as licensee, lessee or otherwise, to the extent that (a) such personalty is not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (b) such consent has not been obtained; provided, however, that the foregoing assignment and grant of security interest shall extend to, and the Intangible Personalty shall include, any and all proceeds of such personalty to the extent that the assignment or encumbering of such proceeds is not so restricted under the terms of the license, lease or other agreement applicable thereto.

TO HAVE AND HOLD the same, together with all privileges, hereditaments, easements and appurtenances thereunto belonging, subject to the Permitted Liens (as defined in the hereinafter described Credit Agreement) and Permitted Encumbrances (hereinafter defined), to the Agent and the Agent's successors and assigns to secure the Obligations; provided that, should the Obligations be paid according to the tenor and effect thereof when the same shall be due and payable and should the Grantor timely and fully discharge its obligations secured hereby and satisfy the Obligations in full (other than contingent indemnification obligations that are not yet due and payable), then this Deed of Trust shall cease, determine and be void, otherwise it shall remain in full force and virtue.

Provided, that, the lien created by this Deed of Trust on the property described herein is junior and subordinate to the lien on such property created by any mortgage, deed of trust or similar instrument now or hereafter granted to Wachovia Bank, National Association, as First Lien Collateral Agent, and its successors and assigns, in such property, in accordance with the provisions of the Intercreditor Agreement dated as of August 9, 2004 among Wachovia Bank, National Association, as First Priority Representative, Wachovia Bank, National Association, as Second Priority Representative, and the Loan Parties referred to therein, as amended from time to time (as the same may have been amended, supplemented, restated or modified, the "Intercreditor Agreement").



The Grantor, the Trustee and the Agent covenant, represent and agree as follows:

## ARTICLE I

### INDEBTEDNESS SECURED

1.1. Indebtedness. The Agents and the Lenders have agreed to establish a senior secured credit facility for an amount of up to \$185,000,000 in favor of Hollywood Theaters, Inc., Lois Business Development Corporation, Pacific Rim Business Development Corporation, Wallace Theater Corporation, and the Grantor (collectively, the "Borrowers") pursuant to the terms of the Credit Agreement, and as may be evidenced by (i) those revolving credit promissory notes of the Borrowers, under which sums may be advanced, paid back or readvanced, (ii) those term promissory notes made by the Borrowers, and (iii) those letters of credit for the account of the Borrowers. This Deed of Trust is given to secure the payment of the unpaid principal of and interest on (including, but not limited to any interest accruing after the maturity of the Second Lien Term Loans and any interest accruing after the filing of any petition under the Bankruptcy Code, or the commencement of any insolvency, reorganization or like proceeding, relating to any Credit Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Second Lien Term Loans and all other obligations and liabilities of the Credit Parties to the Administrative Agent, the Agent or any Second Lien Lender (or, in the case of any Specified Hedging Agreement or any Cash Management Services, any Specified Second Lien Creditor), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Deed of Trust, the Second Guarantee and Collateral Agreement, the other Credit Documents, any Specified Hedging Agreement, any Cash Management Services or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent, to the Agent or to the Second Lien Lenders that are required to be paid by the Borrowers pursuant to the terms of any of the foregoing agreements) or otherwise; provided that if any Second Lien Creditor or Specified Second Lien Creditor is also either a First Lien Creditor or a Specified First Lien Creditor, any obligations owing to such person under any Specified Hedging Agreement or Cash Management Services arrangement shall constitute "Obligations" as defined in the First Lien Mortgage Instruments rather than hereunder (the foregoing are hereinafter collectively referred to as the "Obligations").

#### 1.2. Amount Secured

This Deed of Trust secures all present and future loan disbursements made by the Lenders under the Notes, and all other sums from time to time owing to the Agent or the Lenders by the Borrower under the Credit Documents, including, without limitation, sums advanced to protect the security of this Deed of Trust. The principal amount secured hereby is \$185,000,000.00.

#### 1.3. Future Advances.

(NRS 106.300, et seq). It is the intention of Grantor and Lenders that this Deed of Trust is an instrument (as defined in NRS 106.330, as amended or recodified from time to time) which secures future advances (as defined in NRS 106.320, as amended or recodified from time to time) and which is governed pursuant to NRS 106.300 through 106.400, as amended from time to time. It is the intentions of the parties that the secured obligations include the obligation of Borrowers and Guarantors to repay future advances of principal (as defined in NRS 106.345, as amended or recodified from time to time) in an amount up to \$185,000,000 and that the lien of this Deed of Trust secures the obligation of Borrower and



Guarantors to repay all such future advances with the priority set for in NRS 106.370(I), as amended or recodified from time to time.

1.4. Covenants. The following covenants, Nos. 1 through 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust." Moreover, under NRS 107.050, the parties to any transfer in trust may enter into "other, different or additional covenants or agreements than those set out in NRS 107.030.

## ARTICLE II

### GRANTOR'S COVENANTS, REPRESENTATIONS AND AGREEMENTS

2.1. Title to Property. The Grantor represents and warrants to the Agent (1) that it is lawfully seized of the Leasehold Interest (and any appurtenant easements), the Improvements and the Tangible Personalty (to the extent such Tangible Personalty does not constitute fixtures), and has the right and lawful authority to encumber and convey, mortgage and encumber the same, (ii) that as of the date hereof, such property is free and clear of all encumbrances except for the Permitted Liens and matters shown on the title commitment for the Premises accepted by the Agent in connection with this Deed of Trust, if any, (the "Permitted Encumbrances"), and (iii) that it will warrant and defend the title to such property except for the Permitted Encumbrances and Permitted Liens against the claims of all Persons. As to the balance of the Premises, the Rents and Profits and the Intangible Personalty, the Grantor represents and warrants that it has good title to such property that title to such property, is free and clear of all encumbrances except for the Permitted Encumbrances and the Permitted Liens, that it has the right and lawful authority to encumber and convey and mortgage such property and that it will warrant and defend such property against the claims of all Persons subject to the Permitted Encumbrances and the Permitted Liens.

2.2. Taxes and Fees. The Grantor will pay prior to delinquency all taxes, general and special assessments, insurance premiums, permit fees, inspection fees, user fees, license fees, water and sewer charges, franchise fees and equipment rents against it or the Premises as required by the terms and conditions of the Credit Agreement (and the Grantor, upon request of the Agent, will submit to the Agent receipts evidencing said payments).

2.3. Reimbursement. The Grantor agrees that if it shall fail to pay on or before the date that the same become delinquent any tax, assessment or charge levied or assessed against the Premises or any utility charge, whether public or private, or any insurance premium, or if it shall fail to procure the insurance coverage and the delivery of the insurance certificates required hereunder, or if it shall fail to pay any other charge or fee described in Sections 2.2, 2.3 or 2.6 hereof, then the Agent, at its option, may pay or procure the same and will give the Grantor prompt notice of any such expenditures. The Grantor will reimburse the Agent upon demand for any sums of money paid by the Agent pursuant to this Section, together with interest on each such payment at the default rate of interest provided in Section 2.9 of the Credit Agreement for Loans, and all such sums and interest thereon shall be secured hereby.

2.4. Additional Documents. The Grantor agrees to execute and deliver to the Agent, concurrently with the execution of this Deed of Trust and upon the request of the Agent from time to time hereafter, all financing statements and other documents reasonably required to perfect and maintain the security interest created hereby. The Grantor hereby irrevocably (as long as the Obligations remain unpaid) makes, constitutes and appoints the Agent as the true and lawful attorney of the Grantor (such appointment being coupled with an interest) to sign the name of the Grantor (after the Grantor has failed or refused to timely execute such documents upon request of the Agent) on any financing statement, continuation of financing statement or similar document required to perfect or continue such security interests but only in the event the Grantor refuses to do so after receipt of written notice.

**2.5. Sale or Encumbrance.** Except as otherwise permitted in the Credit Agreement, the Grantor will not sell, encumber or otherwise dispose of any of the Tangible Personalty except to incorporate such into the Improvements or replace such with goods of quality and value at least equal to that replaced. Provided, however, in the event the Grantor sells or otherwise disposes of any of the Tangible Personalty, the Agent's security interest in the proceeds of the Tangible Personalty shall continue pursuant to this Deed of Trust.

**2.6. Fees and Expenses.** The Grantor will promptly pay upon demand any and all reasonable costs and expenses of the Agent, (a) as required under Section 9.5 of the Credit Agreement and (b) as necessary to protect the Premises, the Rents and Profits or the Intangible Personalty or to exercise any rights or remedies under this Deed of Trust or with respect to the Premises, Rents and Profits or the Intangible Personalty. All of the foregoing costs and expenses shall be secured hereby.

**2.7. Leases and Other Agreements.** Without first obtaining on each occasion the written approval of the Agent, the Grantor shall not, except as permitted by the Credit Agreement, enter into, cancel, surrender or materially modify or permit the cancellation of any material lease (including any equipment lease), rental agreement, management contract, franchise agreement, construction contract, technical services agreement or other material contract, license or permit now or hereafter affecting the Premises, or materially modify any of said instruments, or accept or permit to be made, any prepayment (more than one month) of any installment of rent or fees thereunder. Certified copies of each such approved material lease or other material agreement not previously delivered to the Agent shall be submitted to the Agent as soon as possible. The Grantor shall faithfully keep and perform, or cause to be kept and performed, in all material respects, all of the covenants, conditions, and agreements contained in each of said agreements, now or hereafter existing, including any amendments or supplements to such agreements on the part of the Grantor to be kept and performed (including performance of all covenants to be performed under any and all leases of the Premises or any part thereof) and shall at all times use commercially reasonable efforts to enforce, with respect to each other party to said agreements, all obligations, covenants and agreements by such other party to be performed thereunder.

**2.8. Maintenance of Premises.** The Grantor will abstain from and will not permit the commission of waste in or about the Premises and will maintain, or cause to be maintained, the Premises in reasonable condition and repair, ordinary wear and tear casualty, condemnation and obsolescence excepted.

**2.9. Insurance.**

(a) **Types Required.** The Grantor shall maintain insurance for the Premises as set forth in Section 5.5 of the Credit Agreement. In addition to the requirements set forth in Section 5.5 of the Credit Agreement, if any part of the Improvements is located in an area having "special flood hazards" as defined in the Federal Flood Disaster Protection Act of 1973, a flood insurance policy as may be required by law naming the Agent as mortgagee must be submitted to the Agent. The policy must be in such amount, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice.

(b) **Use of Proceeds.** All insurance proceeds received by the Grantor shall be applied as set forth in the Credit Agreement with respect to a "Recovery Event."

**2.10. Eminent Domain.** Subject to the provisions of the Credit Agreement, the Grantor assigns to the Agent any proceeds or awards which may become due by reason of any condemnation or other taking for public use of the whole or any part of the Premises or any rights appurtenant thereto to which the Grantor is entitled, and such proceeds or awards shall be applied in the same manner that insurance proceeds are applied as set forth in the Credit Agreement with respect to a "Recovery Event." The

Grantor agrees to execute such further assignments and agreements as may be reasonably required by the Agent to assure the effectiveness of this Section. In the event any Governmental Authority shall require or commence any proceedings for the demolition of any buildings or structures comprising a part of the Premises, or shall commence any proceedings to condemn or otherwise take pursuant to the power of eminent domain a material portion of the Premises, the Grantor shall promptly notify the Agent of such requirements or commencement of proceeding (for demolition, condemnation of other taking).

2.11. Releases and Waivers. The Grantor agrees that no release by the Agent of any portion of the Premises, the Rents and Profits or the Intangible Personalty, no subordination of lien, no forbearance on the part of the Agent to collect on the Obligations, or any part thereof, no waiver of any right granted or remedy available to the Agent and no action taken or not taken by the Agent shall, except to the extent expressly released, in any way have the effect of releasing the Grantor from full responsibility to the Agent for the complete discharge of each and every of the Grantor's obligations hereunder.

2.12. Transfer of Premises. Except as otherwise permitted in the Credit Agreement, the Grantor covenants and agrees with the Agent that the Grantor shall not sell, transfer, convey, mortgage, encumber or otherwise dispose of the Premises, the Rents and Profits or the Intangible Personalty or any part thereof or any interest therein or engage in subordinate financing with respect thereto during the term of this Deed of Trust without the prior written consent of the Agent.

2.13. Compliance with Law. Except as otherwise permitted in the Credit Agreement, the Grantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities in respect of the ownership of the Premises (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls).

2.14. Inspection. Except as otherwise permitted in the Credit Agreement, the Grantor will permit the Agent, or its agents, at all reasonable times during regular business hours (per Section 5.6 of Credit Agreement) and with advance prior notice to enter and pass through or over the Premises for the purpose of inspecting same; provided, however, prior to an Event of Default inspections shall be at reasonable times during the Grantor's normal business hours.

2.15. Security Agreement.

(a) Insofar as the fixtures and articles of personal property either referred to or described in this Deed of Trust are in any way connected with the use and enjoyment of the Premises, this Deed of Trust is hereby made and declared to be a security agreement, encumbering each and every item of personal property included herein, in compliance with the provisions of the Uniform Commercial Code as enacted in the state where the Premises are located. A financing statement or statements reciting this Deed of Trust to be a security agreement, affecting all of said personal property aforementioned, shall be executed by the Grantor and the Agent and appropriately filed. The remedies for any violation of the covenants, terms and condition of the security agreement herein contained shall be (i) as prescribed herein or (ii) as prescribed by general law or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, all at Agent's sole election. The Grantor and the Agent agree that the filing of such financing statement(s) in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the Grantor and the Agent that everything used in connection with the production of income from the Premises or adapted for use therein or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (a) any such item is physically attached to the improvements, (b) serial numbers are used for the better identification of certain items capable of being thus identified in a recital contained herein, or (c) any such item is referred to or





reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (aa) the proceeds of any fire or hazard insurance policy of (bb) any award in eminent domain proceedings for a taking or for loss of value or (cc) the Grantor's interest as lessor in any present or future lease or rights to income growing out of the use or occupancy of the Premises, whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of the Grantor or the Agent as determined by this instrument or impugning the priority of the Agent's lien granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of the Agent in the event any court shall at any time hold with respect to the foregoing (aa) or (bb) or (cc), that notice of the Agent's priority of interest to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records, provided, if there is a conflict between the terms of this paragraph and the terms of the Second Lien Guarantee and Collateral Agreement (as defined in the Credit Agreement), the Second Lien Guarantee and Collateral Agreement shall govern.

(b) The Grantor warrants that the names of the "Debtor" and the "Secured Party" (which are the Grantor and the Agent, respectively), the address of the "Secured Party" from which information concerning the security interest may be obtained, and the address of "Debtor", are as set forth in Section 6.2, hereof; and a statement indicating the types, or describing the items, of collateral is set forth hereinabove. The location of the collateral which is Tangible Personalty is upon the Land. The Grantor agrees to furnish the Agent with notice of any change in the name, identity, corporate structure, residence, principal place of business or mailing address of the Grantor within ten (10) days of the effective date of any such change and the Grantor will promptly execute any financing statements or other instruments deemed necessary by the Agent to prevent any filed financing statement from becoming misleading or losing its perfected status.

2.16. Lease. With respect to the Lease, the Grantor represents, warrants and covenants with the Agent as follows:

- (a) To the Grantor's knowledge, all rents presently due under the Lease have been paid and no default exists beyond notice and applicable grace period by any party under the Lease;
- (b) The granting of this Deed of Trust upon the Leasehold Interest does not constitute a default under the Lease (or if it does constitute a default the appropriate consent has been obtained) or require the consent of any party to any of the foregoing (other than the Lessor);
- (c) The Grantor will immediately provide the Agent with copies of any and all notices of any material default under the Lease;
- (d) The Grantor will fully comply with all material obligations imposed upon it under the Lease and will do all things necessary to keep the Lease in full force and effect for the entire term thereof;
- (e) In the event the Grantor defaults under the Lease then the Agent, at its option, upon notice to the Grantor, may take all steps necessary, including the payment of money, to preserve and maintain the Lease and any sums so spent or expenses incurred (including without limitation attorneys' fees) in such action, together with interest thereon from such payment at the rate set forth in the Loan Agreement, shall be subject to the security interest of this Deed of Trust;

(f) Except as permitted under the Credit Agreement, the Grantor will not, without the Agent's prior written consent, agree to any modification, amendment or termination of the Lease except in accordance with the terms of the Lease; and

(g) The Grantor shall not, without the prior written consent of the Agent, permit the fee title to the Premises covered by the Lease or any part thereof to merge with the leasehold estate created by the Lease, but shall keep such estates separate and distinct; provided, however, that if the Grantor acquires the fee title or any additional estate, title or interest in the real property covered by the Lease, this Deed of Trust shall be a lien upon the fee title or other estate obtained by the Grantor and the Grantor shall notify the Agent of any such acquisition by the Grantor and shall cause to be executed and recorded any instrument deemed necessary by the Agent to cause this Deed of Trust to encumber such fee title or additional estate, title or interest obtained by the Grantor.

### ARTICLE III

#### EVENTS OF DEFAULT

An Event of Default shall exist under the terms of this Deed of Trust upon the existence of an Event of Default under the terms of the Credit Agreement.

### ARTICLE IV

#### FORECLOSURE

4.1. Acceleration of Secured Indebtedness; Foreclosure. Upon the occurrence and during the continuance of an Event of Default, (a) the entire balance of the Second Lien Term Notes and any other obligations due under the Credit Documents, including all accrued interest, shall, at the option of the Agent, become immediately due and payable; and (b) this Deed of Trust shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Agent shall be authorized, at its option, whether or not possession of the Premises is taken, after giving notice by publication once a week for three (3) consecutive weeks of the time, place and terms of each such sale by publication in a newspaper published in the county or counties wherein the Land or any part thereof is located, to sell the Premises (or such part or parts thereof as the Agent may from time to time elect to sell) in front of such county's courthouse door, at public outcry, to the highest bidder for cash. The Agent, its successors and assigns, may bid at any sale or sales had under the terms of this Deed of Trust and may purchase the Premises, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale, any part or all of the Premises, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Grantor hereby waiving the application of any doctrine of marshalling or like proceeding. In case the Agent, in the exercise of the power of sale herein given, elects to sell the Premises in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Premises not previously sold shall have been sold or all the Obligations shall have been paid in full. The Grantor hereby waives, to the extent permitted by law, any statutory right of redemption in connection with such foreclosure proceeding. Upon such foreclosure, Agent is authorized and empowered to execute and deliver to the Purchaser a deed to the property sold in the name and on behalf of the Grantor.

#### 4.2. Power of Sale.

The Trustee (or any successor trustee as hereinafter provided for), at the request of Agent, may proceed to sell the Premises, as an entirety, or in parcels or any part thereof, by one sale or by several sales, held at one time or different times, as the Trustee acting may elect, at public venue to the highest bidder for the cash at the door of the Court house or other location the customarily employed for that purpose in the County of Nevada where the Land is located after first giving notice of the time and place of sale and a description of the property to be sold by advertisement published as is provided by the laws of the state of Nevada the in effect and giving such other notice as is then required by the laws of the state of Nevada, and upon such sale shall execute and deliver a deed of conveyance (or other necessary instruments of conveyance) of the property sold to the purchaser or purchasers thereof; and any statement or recital of fact in such deed (or other instruments) in relation to the nonpayment or nonperformance of any of the Obligations, existence of the Obligations, notice of advertisement, sale, and receipt of money, shall be prima facie evidence of the truth of such statements or recitals; and the Trustee shall receive the proceeds of such sale out of which the Trustee shall pay; First, the cost and expenses of executing this trust and the reasonable costs and charges of sale, including, without limitation, compensation of the Trustee for services, costs of advertisement, title charges and other expenses and Agent's reasonably attorneys' fees (to the extent permitted by law); and Second, to Agent, upon the usual vouchers therefore, all monies paid by Agent for insurance, taxes and mechanics' liens and any and all other advances made by Agent with respect to Premises under the provisions of this Deed of Trust or any other documents evidencing or relating to the Obligations (the "Loan Documents"), together with interest thereon as provided in this Deed of Trust or the Loan Documents; and Third, unless otherwise provided in the Loan Documents, to the payment of the principle then outstanding under the Loan Documents, and all accrued and unpaid interest thereon, and all other sums and charges under the Loan Documents; and Fourth, the balance of such proceeds, if any, to be paid to the person(s) who may be legally entitled thereto.

The Trustee's power of sale upon an Event of Default may not be exercised until the Grantor has failed to make good the deficiency for 35 days, the Agent or the Trustee records in the office of the country recorder of the county wherein the Premises is located a notice of breach and of the election to sell, and not less than 3 months have elapsed since the recording of the notice. Within 10 days after the notice of default is recorded and mailed pursuant to NRS 107.080, the Trustee shall mail an envelope, registered or certified, return receipt requested and with postage prepaid, containing a copy of the notice and addressed to each person "who has recorded a request for a copy of the notice and each person with an interest whose interest or claimed interest is subordinate to this Deed of Trust. At least 20 days before the date of sale, the Trustee or other person authorized to make the sale shall mail an envelope, registered or certified, return receipt requested and with postage prepaid, containing a copy of the notice of time and place of sale addressed to each person who has recorded a request for a copy of the notice or whose interest is subordinate to the Deed of Trust.

The Trustee may sell and convey the Premises infer the power aforesaid, although the Trustee has been, may now be or may hereafter be the attorney or agent or employee of the Agent or any of the Lenders, in respect to the indebtedness secured by this Deed of Trust, or in respect to any matter or business whatsoever. Upon any foreclosure sale (including any Trustee's sale) under this Deed of Trust, the Agent, any of the Lenders or any holder of the indebtedness secured by this Deed of Trust may bid for and acquire the Premises or any part thereof and in lieu of paying cash therefore, may make settlement for the purchase price by crediting upon the principle then outstanding under the Loan Documents owing to such person with interest thereon and other obligations of the Grantor owing to such person secured by this Deed of Trust, the net sales price after deducting there from the reasonable expenses of the sale and any other sums which Agent or such person is authorized to deduct under this Deed of Trust.



The Trustee lets the Premises to the Grantor until this Deed of Trust be released and satisfied or until an Event or Default shall occur, upon the following terms, to wit; the Grantor, and its successors and assigns in interest, shall pay rent therefore during said term at \$0.01 per month payable upon demand, and shall surrender immediate peaceable possession of said Premises, and any and every part thereof, to the Trustee immediately upon such Event of Default and upon request therefore, and the Trustee or Agent may thereupon rent and operate the same for the account of Agent until the foreclosure is had and any proceeding to redeem and then deliver possession to the purchaser at any foreclosure sale. If the Grantor does not forthwith surrender possession of the Premises to the Trustee upon such request or to the purchaser or purchasers at any foreclosure sale, the Grantor shall be deemed a tenant holding over and may be summarily dispossessed according to the provisions of the law of the State of Nevada applicable to the tenants holding over.

The Trustee covenants faithfully to perform the trusts herein created, being liable, however, only for the Trustee's own willful misconduct or gross negligence. The Trustee shall be under no duty to take any action hereunder, except as expressly required hereunder or by law, or to perform any act which would involve the Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. The Trustee hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by the Trustee in accordance with the terms hereof. The Trustee may resign at any time upon giving ten (10) days' prior written notice thereof to the Agent. The Trustee shall not be liable to the Grantor for any loss to any personal property lawfully in the Trustee's possession.

The Agent may remove the Trustee at any time, or from time to time, and select a successor trustee. The exercise of this right to appoint a successor trustee, no matter how often exercised, shall not be deemed an exhaustion of said right. In the event of the death, removal, resignation, refusal to act, or inability to act as Trustee, or in the Agent's sole discretion for any reason whatsoever, the Agent may, without notice and without specifying any reason therefore, and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Deed of Trust is recorded and all power, rights, duties and authority of the Trustee, as aforesaid, shall thereupon become vested in such successor.

Neither the Trustee, nor any successors of the Trustee shall be required to give bond for the faithful performance of the duties of the Trustee hereunder unless required by the Agent.

In the case the Agent or Trustee shall have proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Agent or Trustee, then and in every such case, the parties shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Agent and the Trustee shall continue as if no such proceeding had been taken.

4.3 Proceeds of Sale. Following a foreclosure sale, the proceeds of such sale shall, subject to applicable law, be applied in accordance with Section 6.5 of the Second Lien Guarantee and Collateral Agreement, subject to the terms of the Intercreditor Agreement.

## ARTICLE V

### ADDITIONAL RIGHTS AND REMEDIES OF THE AGENT

5.1. Rights Upon an Event of Default. Upon the occurrence and during the continuance of an Event of Default, but only after the Agent has exercised its right to declare the entire balance of the

Obligations (other than obligations under any Specified Hedging Agreement, the termination of which shall be governed by the terms of the relevant Specified Hedging Agreement) due and payable, the Agent, immediately and without additional notice and without liability therefor to the Grantor, except for gross negligence, willful misconduct or unlawful conduct, may do or cause to be done any or all of the following to the extent permitted by applicable law: (a) take physical possession of the Premises; (b) exercise its right to collect the Rents and Profits; (c) enter into contracts for the completion, repair and maintenance of the Improvements thereon; (d) expend Loan funds and any rents, income and profits derived from the Premises for the payment of any taxes, insurance premiums, assessments and charges for completion, repair and maintenance of the Improvements, preservation of the lien of this Deed of Trust and satisfaction and fulfillment of any liabilities or obligations of the Grantor arising out of or in any way connected with the Premises whether or not such liabilities and obligations in any way affect, or may affect, the lien of this Deed of Trust; (e) enter into leases demising the Premises or any part thereof; (f) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in the Notes, this Deed of Trust, the Credit Agreement or the other Credit Documents, or to aid the execution of any power herein granted; and (g) generally, supervise, manage, and contract with reference to the Premises as if the Agent were equitable owner of the Premises. Notwithstanding the occurrence of an Event of Default or acceleration of the Loans, the Agent shall continue to have the right to pay money, whether or not Loan funds, for the purposes described in Sections 2.2, 2.6 and 2.8 hereof, and all such sums and interest thereon shall be secured hereby. The Grantor also agrees that any of the foregoing rights and remedies of the Agent may be exercised at any time independently of the exercise of any other such rights and remedies, and the Agent may continue to exercise any or all such rights and remedies until the Event(s) of Default are cured with the consent of the Agent or until foreclosure and the conveyance of the Premises to the high bidder or until the Credit Agreement is no longer in effect or the Obligations are otherwise satisfied or paid in full.

**5.2. Appointment of Receiver.** Upon the occurrence of an Event of Default, the Agent shall be entitled, without additional notice and without regard to the adequacy of any security for the indebtedness secured hereby whether the Premises shall then be occupied as a homestead or not or the solvency of any party bound for the payment of such indebtedness, to make application for the appointment of a receiver to take possession of and to operate the Premises, and to collect the rents, issues, profits, and income thereof, all expenses of which shall be added to the Obligations and secured hereby. The receiver shall have all the rights and powers provided for under the laws of the state in which the Premises are located, including without limitation, the power to execute leases, and the power to collect the rents, sales proceeds, issues, profits and proceeds of the Premises during the pendency of such foreclosure suit, as well as during any further times when the Grantor, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, sales proceeds, issues, proceeds and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. All costs and expenses (including receiver's fees, attorney's fees and costs incurred in connection with the appointment of a receiver) shall be secured by this Deed of Trust. Notwithstanding the appointment of any receiver, trustee or other custodian, the Agent shall be entitled, to retain possession and control of any cash or other instruments, at the time held by or payable or deliverable under the terms of the Deed of Trust to the Agent to the fullest extent permitted by law.

**5.3. Waivers.** No waiver of any Event of Default shall at any time thereafter be held to be a waiver of any rights of the Agent stated anywhere in the Notes, this Deed of Trust, the Credit Agreement or any of the other Credit Documents, nor shall any waiver of a prior Event of Default operate to waive any subsequent Event(s) of Default. All remedies provided in this Deed of Trust, the Notes, the Credit Agreement or any of the other Credit Documents are cumulative and may, at the election of the Agent, be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.



5.4. Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, the Grantor or the Grantor's heirs, devisees, representatives, successors or assigns are occupying or using the Premises, or any part thereof, each and all immediately shall become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale, notwithstanding any language herein apparently to the contrary, shall have the sole option to demand possession immediately following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

5.5. Marshalling. The Grantor hereby waives, in the event of foreclosure of this Deed of Trust or the enforcement by the Agent of any other rights and remedies hereunder, any right otherwise available in respect to marshalling of assets which secure the Loans and any other indebtedness secured hereby or to require the Agent to pursue its remedies against any other such assets.

5.6. Appointment of Successor Trustee.

Trustee or any successor acting hereunder may resign and thereupon be discharged of the trusts hereunder upon 30 days' prior written notice to the Agent. Regardless of whether such resignation occurs, the Agent may from time to time substitute a successor or successors to any Trustee. If permitted by law, the Agent may substitute such successor or successors by recording a document executed by the Agent and containing the name of the original Grantor and the Agent hereunder, the book and page where this Deed of Trust is recorded (and/or instrument number, as applicable) and the name of the new Trustee, in which event such successor Trustee or Trustees shall, without conveyance from the predecessor Trustee, succeed to all its estate, rights and duties hereunder.

5.7. No Liability of Trustee.

The Trustee shall not be liable for any error of judgment or act done by the Trustee in good faith, or otherwise be responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for the Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by him in good faith to be genuine. All moneys received by the Trustee until used or applied as herein provided, shall be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and the Trustee shall be under no liability for interest on any moneys received by it hereunder. The Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof and in accordance herewith and the Grantor will reimburse the Trustee for, and save Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of its duties in accordance with the terms hereof. The foregoing indemnity shall not terminate upon discharge of the secured indebtedness or foreclosure, or release or other termination, of this Deed of Trust.



## ARTICLE VI

GENERAL CONDITIONS

6.1. Terms. The singular used herein shall be deemed to include the plural; the masculine deemed to include the feminine and neuter; and the named parties deemed to include their heirs, successors and assigns. The term "Agent" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

6.2. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) when delivered by hand, (b) when transmitted via telecopy (or other facsimile device) to the number set out herein, (c) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (d) the third business day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, addressed as follows in the case of the Grantor and the Agent, or to such other addresses as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

to the Grantor:

c/o Hollywood Theaters, Inc.  
919 SW Taylor Street, Suite 800  
Portland, Oregon 97205  
Attention: President  
Telecopier: (312) 382-2201  
Telephone: (312) 382-2219

with a copy to:

GTCR Fund VI, L.P.  
c/o GTCR Golder Rauner, L.L.C.  
6100 Sears Tower  
Chicago, Illinois 60603  
Attention: Daniel Timm  
Telecopier: (312) 382-2201  
Telephone: (312) 382-2219

Kirkland & Ellis  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attention: Kevin R. Evanich, Esq.  
Telecopier: (312) 861-2200  
Telephone: (312) 861-2000



to the Agent:

Wachovia Bank, National Association  
Charlotte Plaza  
201 South College Street, 8<sup>th</sup> Floor  
Charlotte, North Carolina 28288-0608  
Attention: Syndication Agency Services  
Telecopier: (704) 383-0288  
Telephone: (704) 374-2698

with a copy to:

Wachovia Securities  
301 South College Street, 5<sup>th</sup> Floor  
Charlotte, North Carolina 28288  
Attention: Hank Biedrzycki  
Director  
Telecopier: (704) 383-6647  
Telephone: (704) 374-4914

6.3. Severability. If any provision of this Deed of Trust is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

6.4. Headings. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Deed of Trust nor the intent of any provision hereof.

6.5. Conflicting Terms. In the event the terms and conditions of this Deed of Trust conflict with the terms and conditions of the Credit Agreement, the terms and conditions of the Credit Agreement shall control and supersede the provisions of this Deed of Trust with respect to such conflicts.

6.6. Governing Law. This Deed of Trust shall be governed by and construed in accordance with the internal law of the State of New York as provided in Section 9.12 of the Credit Agreement; provided, however, that the provisions of this Deed of Trust relating to the creation, perfection and enforcement of the lien and security interest created by this Deed of Trust in respect of the Premises and the exercise of each remedy provided hereby, including the power of foreclosure or power of sale procedures set forth in this Deed of Trust, shall be governed by and construed in accordance with the internal law of the state where the Premises is located. In the event of a conflict between the laws of the State of New York and the internal law with respect to creation, perfection and enforcement of the lien and security interest created by this Deed of Trust, the laws of the state in which the Premises is located shall govern.

6.7. Application of the Foreclosure Law. If any provision in this Deed of Trust shall be inconsistent with any provision of the foreclosure laws of the state where the Premises are located, the provisions of such laws shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with such laws.



#### 6.8. WRITTEN AGREEMENT

(a) THE RIGHTS AND OBLIGATIONS OF THE GRANTOR AND THE AGENT SHALL BE DETERMINED SOLELY FROM THIS WRITTEN MORTGAGE AND THE OTHER LOAN DOCUMENTS, AND ANY PRIOR ORAL OR WRITTEN AGREEMENTS BETWEEN THE AGENT AND THE GRANTOR CONCERNING THE SUBJECT MATTER HEREOF AND OF THE OTHER LOAN DOCUMENTS ARE SUPERSEDED BY AND MERGED INTO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS.

(b) THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS MAY NOT BE VARIED BY ANY ORAL AGREEMENTS OR DISCUSSIONS THAT OCCUR BEFORE, CONTEMPORANEOUSLY WITH, OR SUBSEQUENT TO THE EXECUTION OF THIS MORTGAGE OR THE OTHER LOAN DOCUMENTS.

(c) THIS WRITTEN MORTGAGE AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

6.9. WAIVER OF JURY TRIAL. THE AGENT AND THE GRANTOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS MORTGAGE. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE AGENT AND THE GRANTOR, AND THE AGENT AND THE GRANTOR ACKNOWLEDGE THAT NO PERSON ACTING ON BEHALF OF ANOTHER PARTY TO THIS AGREEMENT HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE AGENT AND THE GRANTOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS MORTGAGE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

6.10. Request for Notice. The Grantor requests a copy of any statutory notice of default and a copy of any statutory notice of sale hereunder be mailed to the Grantor at the address specified in Section 6.2 of this Deed of Trust.

#### 6.11. Intercreditor Agreement.

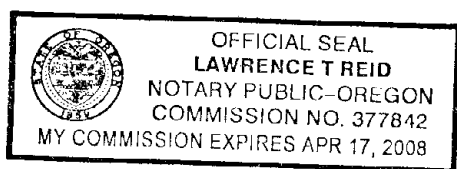
Notwithstanding anything to the contrary contained herein, the terms of this mortgage shall be subject to the terms of this Mortgage shall be subject to the terms of Intercreditor Agreement and in the event of any inconsistency between any provision herein and therein, the terms of the Intercreditor Agreement shall govern.



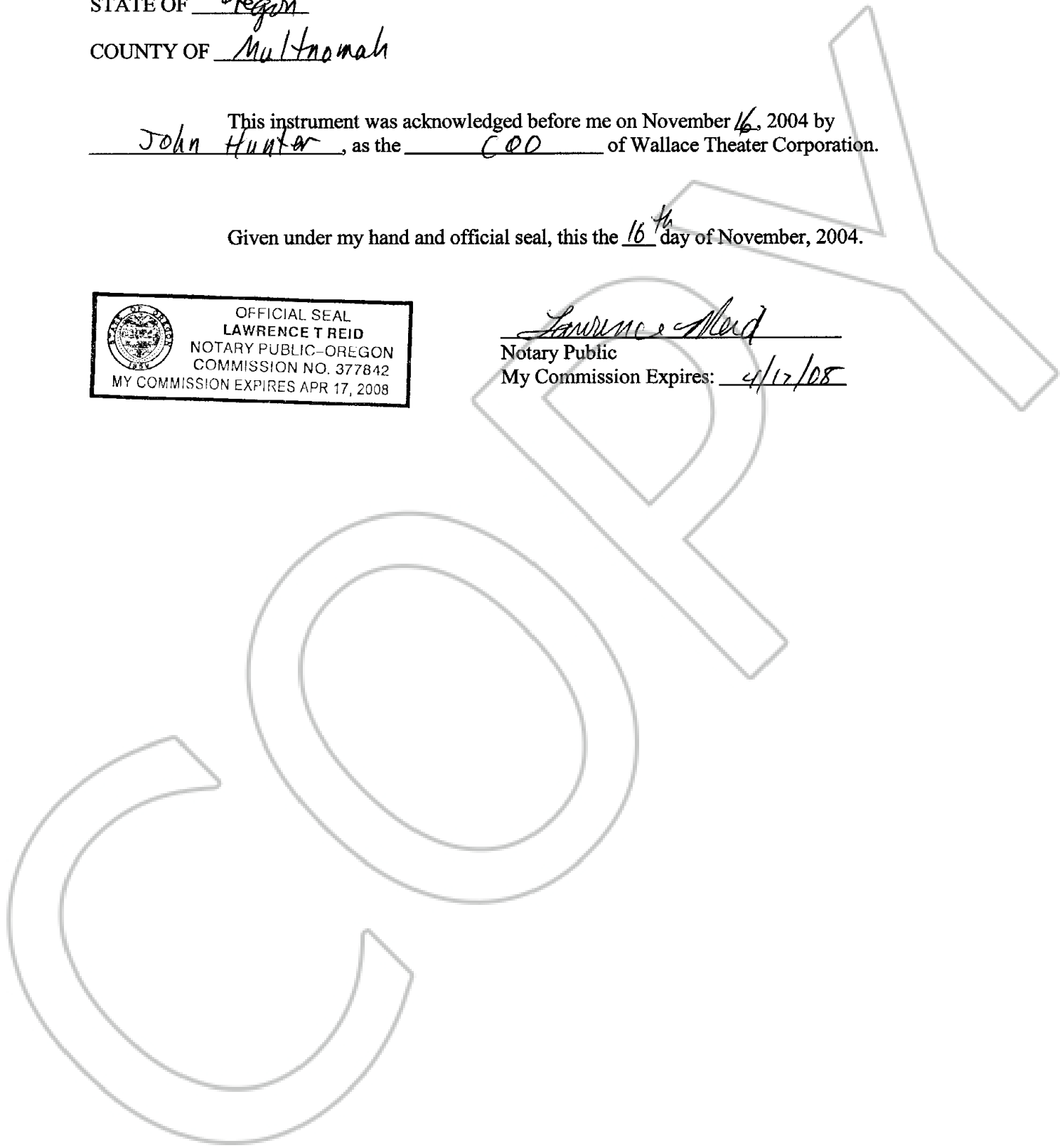
STATE OF Oregon  
COUNTY OF Multnomah

This instrument was acknowledged before me on November 16, 2004 by  
John Hunter, as the CEO of Wallace Theater Corporation.

Given under my hand and official seal, this the 16<sup>th</sup> day of November, 2004.



Lawrence Reid  
Notary Public  
My Commission Expires: 4/17/08



**EXHIBIT A  
LEGAL DESCRIPTION**

The land referred to herein is situated in the State of Nevada, County of DOUGLAS, described as follows:

Improvements as located on the property described as follows:

A parcel of land located within a portion of the East one-half of Section 27, Township 13 North, Range 18 East, MDB&M, Douglas County, Nevada, being more particularly described as follows:

COMMENCING at a point, being the intersection of the Westerly right-of-way line of U.S. Highway 50 and the Nevada/California state line, which bears S. 48°39'46" E., 991.89 feet from the General Land Office State Line Monument as shown on the Record of Survey for Park Cattle Company, Document No. 155945 of the Douglas County Recorder's Office;  
thence N. 27°59'57" E., along said Westerly right-of-way line, 745.71 feet to the True Point of Beginning;  
thence N. 62°01'24" W., 1105.54 feet to a Brass Cap in concrete  
thence N. 27°58'53" E., 713.86 feet to a 5/8" rebar and cap marked LS#625 on the southerly right-of-way line of Loop Road per Document No. 24821 of the Douglas County Recorder's Office;  
thence 161.15 feet along said Southerly right-of-way line and along the arc of a curve to the right having a central angle of 07°53'30" and a radius of 1170.00 feet. (chord bears N. 73°30'38" E., 161.02 feet);  
thence S 62°00'03" E., 990.89 feet to said Westerly right-of-way line;  
thence S. 27°59'57" W., along said Westerly right-of-way line, 826.26 feet to the POINT OF BEGINNING.

Reference is hereby made to that certain Record of Survey for Park Cattle Company, recorded in Book 392, Page 4659, as Document No. 274260, Official Records of Douglas County.

APN 1318-27-001-009

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED MARCH 27, 1992, BOOK 392, PAGE 4647, AS FILE NO. 274257, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY,

STATE OF NEVADA."

-1-



**Schedule 1**

Leasehold estate established by the unrecorded lease dated February 19, 2004 by and between St. Joseph Development, LLC, a Missouri limited liability company as landlord and Wallace Theater Corporation, a Delaware corporation as Tenant, notice which is given by the Memorandum of Lease dated April 22, 1999 and recorded May 24, 1999, as Document No. 468659, in Book 599, Page 4720.

COPY