

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

August 8, 2011

LEASE No. GS-09B-02824

THIS LEASE, made and entered into this date between **GATEWAY CRESCENT, LLC**

whose address is: 1000 LAKES DRIVE, SUITE 150
WEST COVINA, CA 91790-2914

and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

Block A: A total of 16,046 rentable square feet (r.s.f.), yielding approximately 14,003 ANSI/BOMA Office Area square feet and related space located on the Third (3rd) Floor at the THE LAKES, 1050 LAKES DRIVE, WEST COVINA, CA 91790;

Block B: A total of 3,527 rentable square feet (r.s.f.), yielding approximately 3,080 ANSI/BOMA Office Area square feet and related space located on the Third (3rd) Floor at the THE LAKES, 1050 LAKES DRIVE, WEST COVINA, CA 91790 upon completion by the Lessor of Tenant Improvements in Blocks A and B and acceptance by the Government;

together with Forty-eight (48) onsite structured parking spaces as depicted on the attached (Exhibit A) (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. TO HAVE AND TO HOLD the said Premises with their appurtenances for the term beginning on September 15, 2011 through September 14, 2026, subject to termination and renewal rights as may be hereinafter set forth.

3. *PARAGRAPH 3 IS INTENTIONALLY OMITTED*

4. The Government may terminate this lease in whole or in part effective any time after the Tenth (10th) year of this lease giving at least Sixty (60) days prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. *PARAGRAPH 5 IS INTENTIONALLY OMITTED*

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
- A. The parking space(s) described in Paragraph 1 and parking spaces required by local code.
 - B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's approved Design Intent Drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 5CA0712 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

7. The following are attached and made a part hereof:

All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

- a) Sheet no. 1 to 3 containing Paragraphs 9-27;
- b) Floorplan (Exhibit "A");
- c) Siteplan (Exhibit "B");
- d) The Solicitation For Offers Number 5CA0712 (pages 1-51) (all references to SFO shall also refer to any Special Requirements and Amendments);
- e) Special Requirements (pages 1-25);
- f) GSA Form 3517 (pages 1-2);
- g) GSA Form 3518 (pages 1-7); and
- h) 95% Spaceplan (Page A3) from Construction Drawings dated 07-15-2011, (Exhibit "C") which will be revised to show the [REDACTED]

8. The following changes were made in this lease prior to its execution:

Paragraphs 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 27 have been added.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: **GATEWAY CRESCENT, LLC**

BY

(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

100 Wilshire Blvd, Suite 700 Santa Monica, CA
90401

UNITED STATES OF AMERICA. **GENERAL SERVICES ADMINISTRATION, Public Buildings Service:**

BY

CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02824

9. PARAGRAPH 9 IS INTENTIONALLY OMITTED

10. The Government shall pay the Lessor annual rent as follows:

Block A: beginning September 15, 2011, the Government shall pay rent as follows:

For months 1 through 3, free rent;

For months 4 through 60, annual rent of \$405,161.50 at the rate of \$33,763.46 per month in arrears*^:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
4 - 60	\$18.00	\$7.25	\$0.00	\$25.25	\$405,161.50	\$33,763.46

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

^ Upon completion and acceptance of TI construction in Blocks A and B, final TI cost will be amortized and added to rent payments for the remainder of months 4 - 120

For months 61 through 120, annual rent of \$453,299.50 at a rate of \$37,774.96 per month in arrears*^:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
61 - 120	\$21.00	\$7.25	\$0.00	\$28.25	\$453,299.50	\$37,774.96

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

^ Upon completion and acceptance of TI construction in Blocks A and B, final TI cost will be amortized and added to rent payments for the remainder of months 4 - 120

For months 121 through 180, annual rent of \$525,506.50 at a rate of \$43,792.21 per month in arrears*^:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
121 - 180	\$25.50	\$7.25	\$0.00	\$32.75	\$525,506.50	\$43,792.21

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

Rent for a lesser period shall be prorated. Rent checks shall be payable to:

GATEWAY CRESCENT, LLC
1000 LAKES DRIVE, SUITE 150
WEST COVINA, CA 91790-2914

Block B: Upon completion of the tenant improvements by the Lessor in Blocks A and B and acceptance by the Government, the Government shall pay the Lessor rent as follows:

For months 1 through 3, free rent;

For months 4 through 60, annual rent of \$95,208.35 at the rate of \$7,934.03 per month in arrears*^:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
4 - 60	\$18.00	\$7.25	\$1.7441	\$26.9941	\$95,208.35	\$7,934.03

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

^ Upon completion and acceptance of TI construction in Blocks A and B, final TI cost will be amortized and added to rent payments for the remainder of months 4 - 120

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Lessor Government

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02824

For months 61 through 120, annual rent of \$105,789.35 at a rate of \$8,815.78 per month in arrears*^:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
61 - 120	\$21.00	\$7.25	\$1.7441	\$29.9941	\$105,789.35	\$8,815.78

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

^ Upon completion and acceptance of TI construction in Blocks A and B, final TI cost will be amortized and added to rent payments for the remainder of months 4 - 120

For months 121 through 180, annual rent of \$115,509.25 at a rate of \$9,625.77 per month in arrears*:

MONTHS	SHELL RENT / RSF	OPERATING EXPENSES / RSF	AMORTIZED TI / RSF	FULL SERVICE RENT / RSF	ANNUAL RENT	MONTHLY RENT
121 - 180	\$25.50	\$7.25	\$0.00	\$32.75	\$115,509.25	\$9,625.77

* Operating expenses are subject to annual CPI escalation per SFO Par. 4.3

- Rent for a lesser period shall be prorated. Rent shall be payable to:

GATEWAY CRESCENT, LLC
1000 LAKES DRIVE, SUITE 150
WEST COVINA, CA 91790-2914

11. The Lessor shall have Ninety (90) calendar days from Notice to Proceed to construct TIs in Blocks A and B, subject to phasing of TI construction, delay by tenant, or delay by City of West Covina. Tenant Improvements will include the work shown in 95% Spaceplan (page A3) from Construction Drawings dated 07-15-2011, attached as Exhibit "C", which will be adjusted to remove TIs associated with the [REDACTED]
12. **TAX ADJUSTMENT:** Pursuant to SFO Paragraph 4.2 "Tax Adjustment," for purposes of tax escalation, the Government occupies 19,573/174,230 rentable square feet (11.2%).
13. **OPERATING COST:** Pursuant to SFO Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$7.25 per rentable square foot per annum. Annual cost escalation will be in accordance with SFO Paragraph 4.3.A.
14. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.4, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$2.50 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon SFO Paragraph 4.3, "Operating Costs."
15. **OVERTIME USAGE:** Pursuant to Paragraph 4.6, "Overtime Usage", upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (7:00 a.m. - 5:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$50.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at North Spring Street PMO, 312 N Spring Street, Suite 1020, Los Angeles, CA 90012, to receive payment.
16. **24 HOUR ROOMS:** The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. The charges for heating and cooling of these areas after "Normal Hours" shall be provided at an annual charge of \$[REDACTED] room.
17. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance of \$256,245 has been established based on \$15.00 per ANSI/BOMA for minor TIs, including replacement of carpet tiles and re-painting in Blocks A and B, by SFO Paragraph 3.2, "Tenant Improvements Included in Offer." Upon completion and acceptance of Tenant Improvements by the Government, the Tenant Improvement Allowance shall be amortized over the remaining portion of the 10 year firm term of the lease agreement at an interest rate (amortization rate) of Six Percent (6%) per year. Cost for additional TIs in blocks A and B will be reimbursed by lump-sum payment made after acceptance of TIs in Blocks A and B by the Government.

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Lessor Government

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Lessor Government

SHEET NUMBER 4 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02824

paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED]. The Lessor agrees to pay the Commission less the Commission Credit, [REDACTED] to the Broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this lease. Upon completion and acceptance of Block A TIs by the Government, the commission will be re-calculated include TI costs and the lease will be amended to adjust commission for Block A. Upon completion and acceptance of Block B TIs by the Government, the commission will be re-calculated include TI costs and the lease will be amended to adjust commission for Block B.

Notwithstanding Paragraph 10 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced after free rent during Months 4 and 5 to fully recapture this Commission Credit. The reduction in shell rent shall commence with the fourth month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Fourth Month's Rental Payment \$36,095.67 (for Block A) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fourth Month's Rent

Fifth Month's Rental Payment \$36,095.67 (for Block A) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fifth Month's Rent

25. **TENANT IMPROVEMENT FEE SCHEDULE:**

PARAGRAPH 25 IS INTENTIONALLY OMITTED.

26. **PROGRESS REPORTS:** Pursuant to Paragraph 5.11, Progress Reports, during design & construction, the Lessor shall submit to the GSA Contracting Officer, written progress reports at intervals of fourteen (14) calendar days. Each report shall include information as to 1) percentage of the work completed by phase and trade; 2) a statement as to expected completion and occupancy date; 3) changes introduced into the work; and 4) general remarks on such items as material shortages, strikes, weather, etc. In addition, after lease award, the Lessor shall conduct meetings every two (2) week(s) to brief Government personnel and contractors regarding the progress of design and construction of the Government-demised area. **The Lessor shall be solely responsible for taking and distributing minutes (based on the Government-approved format to be provided by the GSA Construction Manager) of these meetings, with review and approval by the GSA Contracting Officer.** Such meetings shall be held telephonically and at locations to be designated by the Government.
27. Within 90 days after Notice to Proceed, Lessor will install automatic fire alarm system in Blocks A and B per SFO Par. 9.3. Within 30 days after inspection of the automatic fire alarm system, the Lessor will delivered an approved Certificate of Occupancy, or similar document, to the Lease Contracting Officer.

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Lessor Government