

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

NOV 01 2011

LEASE No. GS-09B-02552

THIS LEASE, made and entered into this date between **5120 Shoreham, LLC**

whose address is:

~~445 South Figueroa Street, Suite 3750
Los Angeles, CA 90071-1602~~

444 Flower Street - Suite 2100
Los Angeles, CA 90071-1602

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:
10,395 rentable square feet (r.s.f.), yielding approximately 8,837 ANSI/BOMA Office Area square feet and related space located on the 2nd Floor (Suites 200 and 270) at 5120 Shoreham Place, San Diego, CA, 92122 together with 5 onsite surface parking spaces, as depicted on the attached floorplan (Exhibit A) (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. Paragraph 2 is intentionally omitted.
3. Paragraph 3 is intentionally omitted.
4. The Government may terminate this lease in whole or in part effective any time after the fifth year of this lease giving at least 120 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. OCA2284 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:

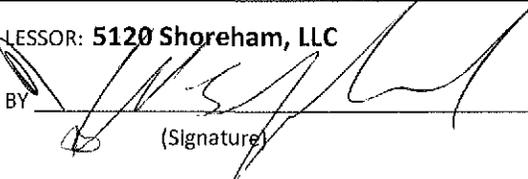
- a) Sheet no. 01, containing Paragraphs 9-17 (1 page);
- b) Sheet no. 02, containing Paragraphs 18-22 (1 page);
- c) The Solicitation For Offers Number OCA2284 (44 pages) (all references to SFO shall also refer to any Special Requirements and Amendments);
- d) Special Requirements (5 pages);
- e) GSA Form 3517B (33 pages), General Clauses);
- f) GSA Form 3518 (7 pages, Representations and Certifications);
- g) Floor Plan (Exhibit "A", 1 page);
- h) Parking Plan (Exhibit "B", 1 page).

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

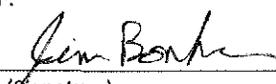
Paragraphs 2, 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 22 have been added.

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

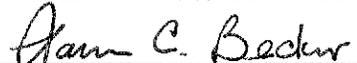
LESSOR: **5120 Shoreham, LLC**

BY  (Signature) 10/10/11 (Signature)

IN PRESENCE OF:

 (Signature) 444 S. Flower ST Suite 2100 Los Angeles Ca 90017 (Address)

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-02552

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following 10 year term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.
10. The Government shall pay the Lessor annual rent as follows:
Effective Year 1 through Year 5, annual rent of \$367,946.39 at the rate of \$30,662.19 per month in arrears, which annual rent is inclusive of amortized Tenant Improvement costs in the amount of \$33,019.49 [\$3.17 per RSF square foot].
Effective year 6 through Year 10, annual rent of \$334,926.90 at a rate of \$27,910.57 per month in arrears.
- Rent for a lesser period shall be prorated. Rent shall be payable to:
- 5120 Shoreham, LLC
c/o Hines SC Associates
P.O. Box 79562
City Industry, CA 91716-9567
11. The Lessor shall have 90 working days from the receipt of the Government's Notice to Proceed to complete alterations of the entire space. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.
12. **OPERATING COST:** Pursuant to Paragraph 4.2, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$7.86 per rentable square foot per annum.
13. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.3, "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 ABOA square foot per annum for operating expenses.
14. **OVERTIME USAGE:** Pursuant to Paragraph 4.5, "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. – 6:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$45.00 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 GSA San Diego Service Center, San Diego Field Office, 880 Front Street, Suite 4236, San Diego, CA 92101, to receive payment.
15. **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 the LAN room area shall be provided at the rate of [REDACTED] annually per ABOA square foot after "Normal Hours".
16. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance in total amount of \$132,555.00 shall be amortized over the 5 year firm term of the lease agreement at an interest rate (amortization rate) of 9% per year.
17. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:**
- A. If Lessor is preparing the Design Intent Drawings, then Lessor shall submit to the Government a budget proposal together with the Design Intent Drawings in accordance with SFO Paragraph 5.11 (B), "Design Intent Drawings." The budget proposal must be submitted in Construction Specification Institute (CSI) Format.
- B. The price proposal required to be provided by Lessor in SFO Paragraph 5.11 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.2, B (1) through (9), entitled, "Tenant Improvements Pricing Requirements." The Government has the right, but not the obligation, to accept cost or pricing data as described in GSA Form 3517 in lieu of a competitive price proposal.
- C. Failure to submit these budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.
- D. The construction schedule required in Paragraph 5.11 (F), "Construction of Tenant Improvements," of the SFO shall also include adequate time for additional review by the Government of revised design intent drawings and Working Drawings/Construction Drawings. All references to "working days" in Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO shall not include the period from December 15 through January 1 of any calendar year.

3 Initials: CPJ & LB
Lessor Government

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02552

E. In addition to the submission requirements specified under Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements," Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format 5 working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

18. NON-STRUCTURAL DEFICIENCIES:

Lessor to address and rectify the three non-structural deficiencies reported on the seismic certificate

- A. Emergency lighting shall be independently hung from framing.
- B. Mechanical equipment weighing over 20 lbs hung on trapezes shall be laterally braced.
- C. Non-bearing partitions that are longer than 12-feet and not braced perpendicularly by other partitions shall have diagonal braces at 45 degrees at 8-feet on center as top of partition to the structure above.

19. ACCEPTANCE OF SPACE:

- A. The following is added to Paragraph 5. 11 G (1), "Acceptance of Space and Certificate of Occupancy": Subsequent Government Inspections and notification of the results of such inspections shall be made in accordance with the foregoing procedure. Time frames for subsequent inspections will be established by the Government.
- B. Any items that have been identified at the acceptance of the space as punchlist items to be completed or corrected and which do not affect beneficial occupancy shall be completed by the Lessor within 30 calendar days of acceptance.
- C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

20. OCCUPANCY REPORTS:

- A. Building Systems: As part of its obligations under SFO, Paragraph 8.2 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.
- B. Acoustical Requirements: As part of its obligations under SFO, Paragraph 6.8 "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

21. UNAUTHORIZED IMPROVEMENTS: All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. **If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

22. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".

Initials: CPJ & UB
Lessor Government