

**US GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE:

6/1/2011

LEASE NO. GS-04B-61072

THIS LEASE, made and entered into this date by and between **Walters Income Properties, LP**

whose address is

**PO Box 2935
Gainesville, Georgia 30503-2935**

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:

A total of 2,369 rentable (2,256 ANSI/BOMA office area) square feet of office and related space located in a building at 731 Queen City Parkway, Gainesville, Hall County, Georgia 30501-4357.

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 a term of fifteen (15) years commencing on the next business day, excluding Saturdays, Sundays and Federal Holidays, following the delivery of the Leased Premises in full compliance with the terms and conditions of Paragraph 5.9 hereof (the "Commencement Date"), and ending fifteen (15) years thereafter (the "Lease Term"). Upon actual determination of the Commencement Date, and consequently the Lease Term, the Lessor and the Government shall confirm in writing the Commencement Date and the Termination Date of the Lease and the Government's acceptance of the Leased Premises by execution and delivery of a Supplemental Lease Agreement.

3. The Government shall pay the Lessor annual rent for the entire term, monthly, in arrears, as follows:

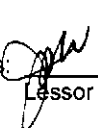

<u>TERM</u>	<u>ANNUAL TOTAL RENT</u>	<u>RATE Per RSF</u>	<u>ANNUAL SHELL RENT</u>	<u>ANNUAL OPERATING EXPENSE</u>	<u>ANNUAL TENANT IMPROVEMENT</u>
Years 1 - 5	\$72,515.09	\$30.61	\$45,248.49	\$15,621.00	\$11,646.60
Years 6-10	\$74,789.33	\$31.57	\$47,522.73	\$15,621.00	\$11,646.60
Years 11 - 15	\$65,502.85	\$27.65	\$49,882.85	\$15,621.00	\$0

Note 1 The rate per rentable square foot (RSF) is determined by dividing the total annual rent by the rentable square footage set forth in paragraph 1 above.

Note 2 The rate per rentable square foot does not include CPI escalations.

Note 3 Rent for a lesser period shall be prorated. Rent shall be made payable to:

Walters Income Properties, LP
PO Box 2935
Gainesville, Georgia 30501-4357

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Lessor Government

4. The Government may terminate this lease, in whole or in part, at any time on or after the tenth (10th) year, by giving the Lessor at least sixty (60) days notice in writing. No rent shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the day of mailing.

5. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

- A. Those facilities, services, supplies, utilities, and maintenance in accordance with Solicitation for Offers (SFO) 0GA2054.
- B. Build-out in accordance with Solicitation for Offers 0GA2054. All tenant alterations are to be completed within one-hundred-twenty (120) calendar days from receipt of notice to proceed.
- C. Deviations to the approved space layouts furnished by GSA to the Lessor subsequent to award will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
- D. Lessor shall provide at six (6) designated spaces for Employee/Visitor Use or Official Government Vehicles at no additional cost to the Government for parking in accordance with SFO 0GA2054.

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

- A. Solicitation for Offers 0GA2054 and all attachments and amendments,
- B. GSA Form 3517B entitled General Clauses and amendments,
- C. GSA Form 3518 entitled Representations and Certifications,
- D. Floor Plans/Site Plans submitted with SFO 0GA2054.

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

LESSOR: Walters Income Properties, LP

BY

James A. Walters

(Signature)

IN THE PRESENCE OF:

(Signature)

(Address)

UNITED STATES OF AMERICA

BY

(Signature)

BRIAN NARDUCCI, CONTRACTING OFFICER
GENERAL SERVICES ADMINISTRATION
(Official title)

7. In accordance with the SOLICITATION FOR OFFERS OGA2054, Paragraph 2.3 Broker Commission and Commission Credit (Nov 2006), the amount of [REDACTED] is established as the broker's fee. The amount of [REDACTED] (rounded) which is [REDACTED] of the [REDACTED] will be deducted from the shell portion of the rent until it has been refunded to the Government. This calculates to a rental reduction of [REDACTED] (rounded) per month for five (5) months from the effective date of the lease [REDACTED] divided by 5). The [REDACTED] balance which equates to \$ [REDACTED] is to be paid to the broker, Studley, Inc. upon signature of the lease.

Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

First Month's Rental Payment of \$6,042.94 (of which \$3,770.71 is shell) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.


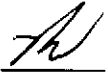
Second Month's Rental Payment of \$6,042.94 (of which \$3,770.71 is shell) minus prorated Commission Credit of \$ [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third Month's Rental Payment of \$6,042.94 (of which \$3,770.71 is shell) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

Fourth Month's Rental Payment of \$6,042.94 (of which \$3,770.71 is shell) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fourth Month's Rent.

Fifth Month's Rental Payment of \$6,042.94 (of which \$3,770.71 is shell) minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fifth Month's Rent.


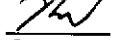
8. In accordance with the SOLICITATION FOR OFFERS OGA2054, Paragraph 4.1 (Measurement of Space), the common area factor (CAF) is established as 1.05008865248227.
9. In accordance with SOLICITATION FOR OFFERS OGA2054, Paragraph 4.2 (Tax Adjustment), the percentage of Government occupancy is established as 8.45% (Based on Government occupancy of 2,369 rentable square feet and total building area of 28,033 rentable square feet).
10. In accordance with the SOLICITATION FOR OFFERS OGA2054, Paragraph 4.3 (Operating Costs), are established as \$6.5935 per rentable square foot (\$6.9238 per ANSI/BOMA office area square foot, rounded). The annual operating costs are \$15,621.00.
11. In accordance with the SOLICITATION FOR OFFERS OGA2054, Paragraph 4.4 (Adjustment for Vacant Premises), the rental rate reduction is established as \$6.9238 per ANSI/BOMA office area square foot.
12. In accordance with SOLICITATION FOR OFFERS OGA2054, Paragraph 4.6 (Overtime Usage), the overtime usage is \$35.00 per hour per zone to the Government. Normal hours of operation are established as 8:00 am to 8:00 pm, Monday through Saturday.
13. The Tenant Improvement Allowance (TI) provided in the lease is \$38.75 PABOASF or \$87,420.00 amortized at an interest rate of 6.00% over 10 years for an annual TI of \$11,646.60 (\$4.9166 PRSF, \$5.1625 POASF). The TI allowance will be used to construct the interior space in accordance with the Government approved construction drawings and the SFO. If the TI cost exceeds \$38.75 PABOASF or \$87,420.00, the balance due the Lessor will be paid by rental adjustment, or lump sum upon completion and acceptance, to be determined by the Government. If the entire TI of \$38.75 PABOASF or \$87,420.00 is not used, the Government will adjust the rental rate downward to off-set the difference. The Lessor understands that in lieu of Cost and Pricing Data, he shall solicit three (and provide a minimum of two if approved by the Contracting Officer) bids for all work completed as a part of the tenant alterations. The lowest responsive bid will be accepted.

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14. Radon Certification must be furnished within 30 days after occupancy. Any corrective action must be completed within 30 days after tests are completed at no additional costs to the Government. If re-testing is required, results shall be forwarded to the General Services Administration Contracting Officer.
15. Any deviation from approved construction drawings or tenant improvement alterations requires approval by the General Services Administration Contracting Officer. Should Lessor make changes without this approval, the Government will not be responsible for the cost of those changes and Lessor will not be reimbursed.
16. The Lessor hereby waives restoration.
17. Notices to the Lessor to be sent to:

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Gainesville, GA 30503-2935

18. This lease is subject to the provisions of FAR Part 52, Provision 52.249-2 (Termination for Convenience of the Government (Fixed-Price) (MAY 2004)). Upon review and written approval of the selected TI bid along with the official GSA issued Notice to Proceed, the Termination for Convenience clause will become null and void without further action by either party.

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