STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 1D16.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: 9/19/2011 | LEASE No. GS-09B-02895

THIS LEASE, made and entered into this date between Chandler Midway III, LP

whose address is: 12651 High Bluff Drive, #250
San Diego, CA 92130

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:
38,565 rentable square feet (r.s.f.), yielding approximately 33,535 ANSI/BOMA Office Area square feet and related space located at 5710 W. Chandler Blvd., Chandler Arizona 85226, together with one hundred ninety four (194) onsite surface 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 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 ten (10) years, five (5) years firm term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.

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

Years	Shell Rate (r.s.f. per year)	Annual Base Year Service Cost (r.s.f. per year)	Annual Amortized T.I.'s (r.s.f. per year)	Annual Total Rent (r.s.f. per year)	Total Monthly Rent	Total Annual Rent
1 – 5	$7.46	$4.60	$7.55	$19.61	$63,021.64	$ 756,259.65
6 - 10	$16.97	$4.60	$0.00	$21.57	$69,320.59	$ 831,847.05

The Government shall pay rent monthly, in arrears. Rent for a lesser period will be prorated. The cost for the 194 parking spaces referenced in Paragraph 1 of this SF-2 are included in the Shell Rent.

Rent checks shall be payable to:

Chandler Midway III, LP
12651 High Bluff Drive, #250
San Diego, CA 92130

4. The Government may terminate this lease, in whole or in part, effective any time on or after the fifth (5th) year of this lease giving at least ninety (90) days' prior notice in writing to the Lessor. No rental payments 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.

EXCEPTION TO SF2 APPROVED GSA/RIMS 12D89

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.

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) The Solicitation For Offers Number 1AZ2003 (pages 1-42) (all references to SFO shall also refer to any Special Requirements and Amendments);
   b) EOC West Space Requirement (1 page)
   c) HSDN TSPA Talon Space Requirement (1 page)
   d) [redacted] Space Request Package, Administrative Space (pages 1-3)
   e) [redacted] Chandler Arizona, PRO-10-CIO-0006 Project Requirements for Leased Space Dated March 2011 (pages 1-5)
   f) [redacted] Cable Standard Version 6.4 (pages 1-63)
   g) [redacted] Facilities Standards Dated February 1, 2009 (pages 1- 193)
   h) GSA Form 3517B (pages 1-33);
   i) GSA Form 3518 (pages 1-7);
   j) Sheet no. 1-2 containing Paragraphs 9-26;
   k) Floor Plans (Exhibit "A", pages 1-2).

8. The following changes were made in this lease prior to its execution:
   Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through ~~26~~ Eth have been added.

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

LESSOR: **CHANDLER MIDWAY III, LP**

BY _____ _____
(Signature) (Signature)

IN PRESENCE OF:

Christen Farmer
(Signature)

12651 HIGH BLUFF DR. #250
SAN DIEGO, CA 92130
(Address)

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

BY _____
LEASE CONTRACTING OFFICER, GSA

STANDARD FORM 2
FEBRUARY 1965 EDITION

EXCEPTION TO SF2 APPROVED

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02895

9. PARAGRAPH NUMBER 9 IS INTENTIONALLY OMITTED.

10. PARAGRAPH NUMBER 10 IS INTENTIONALLY OMITTED.

11. The Lessor shall have one hundred (100) working days from the receipt of the Government's Tenant Improvement Notice to Proceed to complete the build-out 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. **TAX ADJUSTMENT**: Pursuant to Paragraph 4.2 of SFO Number 1AZ2003, "Tax Adjustment," for purposes of tax escalation, the Government occupies 33,656/55,899 rentable square feet (69%).

13. **OPERATING COST**: Pursuant to Paragraph 4.3 of SFO Number 1AZ2003, "Operating Costs" , the base rate for purposes of operating cost escalation is established at $4.60 per rentable square foot per annum.

14. **ADJUSTMENT FOR VACANT PREMISES**: Pursuant to Paragraph 4.4 of SFO Number 1AZ2003, "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 $2.16 per ANSI/BOMA Office Area square foot per annum for operating expenses."

15. **OVERTIME USAGE**: Pursuant to Paragraph 4.6 of SFO Number 1AZ2003, "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 8:00 a.m. – 12:00 p.m. Saturday, and except Federal Holidays ("Normal Hours")), at a rate of $24.00 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 401 W. Washington St., Suite 180, Phoenix, AZ 85003, 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 shall be provided at the rate of $8.00 per 1,000 square feet hour annually. There is no charge for the first 300 SF of LAN Area.

17. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2 of SFO Number 1AZ2003, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the firm five (5) year term of the lease agreement at an interest rate (amortization rate) of 6.0% per year.

18. **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 5.10 (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 5.10 (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 (10), 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 5.10 (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 5.10, "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.
    E. In addition to the submission requirements specified under Paragraph 5.10, "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 no less than ten (10) working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

19. **ACCEPTANCE OF SPACE:**
    A. The following is added to Paragraph 5. 10 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 punch list 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.

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Lessor Government

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 of SFO Number 1AZ2003 "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 of SFO Number 1AZ2003 "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".

23. PARAGRAPH NUMBER 23 IS INTENTIONALLY OMITTED.

24. **COMMISSION AND COMMISSION CREDIT:** In accordance with SFO Paragraph 2.3. Broker Commission and Commission Credit, UGL Services Equis Operations Co. ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [redacted], and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties, executed on May 13, 2011. Due to the Commission Credit described in SFO Paragraph 2.3.B, only [redacted] of the Commission, will be payable to UGL Services Equis Operations Co. with the remaining [redacted] which is the "Commission Credit", to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time period practicable.

    Notwithstanding Paragraph 3 of this Lease, 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 apply to the first month of the rental payments as indicated in this schedule for adjusted Monthly Shell Rent:

    First Month's Shell Rental Payment is $22,496.25 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's Shell Rent.
    Second Month's Shell Rental Payment is $22,496.25 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Second Month's Shell Rent.
    Third Month's Shell Rental Payment is $22,496.25 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's Shell Rent.
    Fourth Month's Shell Rental Payment is $22,496.25 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Fourth Month's Shell Rent.
    Fifth Month's Shell Rental Payment is $22,496.25 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Fifth Month's Shell Rent.

25. **ELECTRONIC CAD DRAWING:** Lessor must provide an electronic CAD file in .DWG to the Government within ten (10) working days after the Occupancy Date.

26. **TENANT IMPROVEMENT FEE SCHEDULE:**
    The following fee schedule shall be applied to the Tenant Improvement costs paid by the Government.

    1. General Conditions shall be [redacted] of the total construction costs associated with the Tenant Improvements;
    2. General Contractor's fee shall be [redacted] of the total construction costs associated with the Tenant Improvements;
    3. Architectural/Engineering Fees owed by the Government shall not exceed [redacted] per usable square foot.
    4. Lessor's Project Management fee shall be [redacted] of the total subcontractor's costs associated with the Tenant Improvements;

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