

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE:

LEASE No. GS-09B-02436

THIS LEASE, made and entered into this date between W2007 HWD REALTY, LLC; whose address is 6011 Connection Drive, Irving, TX 75039-2607; 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:  
7,536 rentable square feet (RSF.), yielding approximately 6,216 ANSI/BOMA Office Area square feet and related space located on the 10<sup>th</sup> Floor (Suite 1050) at the 301 Howard Street, San Francisco, California 94105-6607, as depicted on the attached existing space floor plan (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 November 8, 2010 through November 7, 2020, subject to termination and renewal rights as may be hereinafter set forth. This Lease shall succeed Lease No. GS-09B-94787 upon the beneficial occupancy date of **November 8, 2010**. Rent shall commence without the amortized Tenant Improvements as referenced in Paragraph 3. Upon completion of the Tenant Improvements, a subsequent Supplemental Lease Agreement shall be drafted to memorialize the actual Tenant Improvement amount amortized into the rent.
3. The Government shall pay the Lessor annual rent as follows:
  - A. For November 8, 2010 through November 7, 2015, annual rent of \$279,736.32 (\$37.12 per rentable square foot) at the rate of \$23,311.36 per month in arrears. The amortized tenant improvement cost will be added in a subsequent SLA. The rent consists of the following components:
    - 1) Shell rate of \$28.32 per RSF per year
    - 2) Base operating cost of \$8.80 per RSF per year
  - B. For November 8, 2015 through November 7, 2020, annual rent of \$305,961.60 (\$40.60 per rentable square foot) at the rate of \$25,496.80 per month in arrears.
    - 1) Shell rate of \$31.80 per RSF per year
    - 2) Base operating cost of \$8.80 per RSF per year
  - C. Rent for a lesser period shall be prorated.
  - D. Rent shall be payable to: **W2007 HWD Realty, LLC**  
**6011 Connection Drive**  
**Irving, TX 75039-2607**
4. PARAGRAPH 4 IS INTENTIONALLY OMITTED
5. PARAGRAPH 5 IS INTENTIONALLY OMITTED
6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
  - A. The Lessor shall make available for the Government's use 1 parking space per 2500 SF at the adjacent parking garage, located at 215 Fremont Street. The current market rate for the parking shall apply.
  - 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; provided that the Government shall make payments for lump sum items identified in Paragraph 3.1 of the attachment sheets in the amounts specified therein. 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.9CA2236 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. The Solicitation For Offers Number 9CA2236 (pages 1-51) (all references to SFO shall also refer to any Special Requirements and Amendments);
  - B. Special Requirements (page 1);
  - C. Solicitation For Offers 9CA2236 Amendment Number 1 (page 1), Amendment Number 2 (Page 1);
  - D. GSA Form 3517 (pages 1-2);
  - E. GSA Form 3518 (pages 1-7);
  - F. First generation Blue-Line Plan (Exhibit "A", page 1);
8. The following changes were made in this lease prior to its execution:  
Paragraphs 4 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 24 have been added.

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

LESSOR: W2007 HWD Realty, L.L.C., a Delaware limited liability company

BY \_\_\_\_\_ (Signature) By: Leslie Hoffman Walling \_\_\_\_\_ (Signature)  
Leslie Hoffman Walling, Vice-President

IN PRESENCE OF:

[Signature]  
(Signature)

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

BY Megan M. Stefani  
MEGAN M. STEFANI, LEASE CONTRACTING OFFICER, GSA

9. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 7,536/307,396 rentable square feet (2.45%). The established tax base under this lease shall be \$5.09 per rentable square foot.
10. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$8.80 per rentable square foot per annum.
11. **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 \$2.64 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."
12. **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 \$175.00 per hour for a minimum of four (4) hours. If only air is required, the rate will be \$30.00 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 U.S. General Services Administration, 630 Sansome Street, San Francisco CA 94111-2393, to receive payment.
13. **24 HOUR ROOMS:** The Overtime Usage rate specified above shall not apply to any portion of the Premises, (ie the ADP room(s)), 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 \$0.25 per square foot per hour after "Normal Hours".
14. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The amortization period shall be determined upon acceptance and occupancy of the entire premises, and will be calculated by subtracting the number of months required to complete the space from the ten (10) year firm term. The Tenant Improvement Allowance shall be amortized at an interest rate (amortization rate) of 8.00% per year.
15. **BUILDING SPECIFIC SECURITY COSTS:** The Lessor shall purchase, install, and maintain the [REDACTED] within the Government's space. The cost of the [REDACTED] (estimated at [REDACTED]) shall be amortized at an interest rate (amortization rate) of [REDACTED] per year. The amortization period shall be determined upon acceptance and occupancy of the entire premises, and will be calculated by subtracting the number of months required to complete the space from the ten (10) year firm term.
16. **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 5.3 (E), "Tenant Improvements Price Proposal," must be based upon the results of a competitive proposal process meeting all of the requirements of SFO Paragraph 5.3, 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 (G), "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 5.11 (G), "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 five (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.

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17. **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.

18. **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.

19. **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.**

20. 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".

21. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

22. **LESSOR'S TENANT IMPROVEMENT FEE SCHEDULE:** Pursuant to the offer dated March 18, 2010 the Lessor's Tenant Improvement Fee Schedule shall be applicable to Tenant Improvements, any Building-Specific Security, and change orders during initial construction arising under this Lease. The applicable fees are:

- A. General Conditions are [REDACTED] of total subcontractors costs estimated to be [REDACTED]
- B. General Contractor's fee is [REDACTED] of total subcontractors costs estimated to be [REDACTED]
- C. Architectural/engineering fees are [REDACTED] per usable square foot, unless architectural/engineering services are used, in which case the fees will be negotiated as part of the Tenant Improvement Allowance.
- D. Lessor's Project Management fee is [REDACTED] of total subcontractors costs estimated to be [REDACTED]

23. **FIRE AND LIFE SAFETY:** Prior to accepting the space for occupancy, Lessor agrees to remove the mechanical penetrations and included mechanical ductwork in the exit passageway serving the basement level stairs as well as correct the separation of exits from the Government's space.

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24. COMMISSION AND COMMISSION CREDIT:

The Lessor and the Broker have agreed to a cooperating lease commission shall be equal to [REDACTED] per rentable square foot per year of the firm term, capped at [REDACTED] per rentable square foot. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego forty [REDACTED] percent 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 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.

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 \$23,311.36 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month's Rental Payment \$23,311.36 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

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