

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: **OCT 05 2010**

LEASE No. **GS-09B-02670**

THIS LEASE, made and entered into this date between: **Pegasus KM, LLC**

whose address is: **Pegasus KM, LLC
4542 Ruffner Street, Suite 387
San Diego, CA 92111**

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:
4,084 rentable square feet (r.s.f.), yielding approximately 3,551 ANSI/BOMA Office Area square feet and related space located on the third (3rd) Floor, Suite 370, at the Square One Office Plaza, 4542 Ruffner Street, Suite 370, San Diego, CA 92111, together with seven (7) reserved, on-site, 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 said Premises with their appurtenances for the term beginning on October 1, 2010 through September 30, 2020, subject to termination and renewal rights as may be hereinafter set forth.
3. The Government shall pay the Lessor annual rent of \$103,978.64 at the rate of \$8,664.89 per month in arrears October 1, 2010 through September 30, 2015. The Government shall pay the Lessor. Annual rent of \$120,559.68 at the rate of \$10,046.64 per month in arrears October 1, 2015 through September 30, 2020. Rent for a lesser period shall be prorated. Rent checks shall be payable to:

**Pegasus KM, LLC
Square One Office Plaza
4542 Ruffner Street, Suite 387
San Diego, CA 92111**
4. The Government may terminate this lease in whole or in part effective at any time after the fifth (5th) year of this lease by giving at least ninety (90) 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; provided that the Government shall make payments for lump sum items identified in Paragraph 3.3 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. 9CA2616 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.
- D. The space modifications depicted on Exhibit "B", at no additional cost to the Government.

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) Sheets no. 1-2 containing Paragraphs 9-19;
- b) The Solicitation For Offers Number 9CA2616 (pages 1- 49) (all references to SFO shall also refer to any Special Requirements and Amendments);
- c) Special Requirements (pages 1-5);
- d) GSA Form 3517 (pages 1-33);
- e) GSA Form 3518 (pages 1-7);
- f) Site Plan (Exhibit "A");
- g) Space modifications (Exhibit "B").

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 19 have been added.

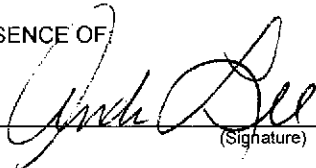
IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

Lessor: Pegasus KM, LLC

By: 
(Signature)

(Signature)

IN PRESENCE OF:


(Signature)

4542 RUFFNER ST., SUITE 307, SAN DIEGO, CA
(Address)

9/11/11

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-02670

9. PARAGRAPH 9 IS INTENTIONALLY OMITTED.

10. PARAGRAPH 10 IS INTENTIONALLY OMITTED.

11. TAX ADJUSTMENT: Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 4,084/ 55,905 rentable square feet (7.31%).

12. OPERATING COST: Pursuant to Paragraph 4.3, "Operating Costs," the base rate for purposes of operating cost escalation is established at \$4.99 per rentable square foot per annum.

13. 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 \$0.00 per ANSI/BOMA Office area (ABOA) usable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."

14. 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 (8:00 a.m. – 5:00 p.m., Monday through Friday, and 9:00 a.m.-12:00p.m. Saturday except Federal Holidays ("Normal Hours")), at a rate of \$25.00 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, 880 Front Street, Suite 4236, Los Angeles, CA 92101 to receive payment.

15. TENANT IMPROVEMENT ALLOWANCE: The offered Tenant Improvement Allowance was \$0.00 and the cost of the lobby area modifications depicted on Exhibit B are included in the shell rent as stated in paragraph 6, therefore, the Tenant Improvement Allowance was not used.

16. 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.

17. 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" appears in this Lease, they shall be deemed to mean "Premises."

18. 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.

19. COMMISSION AND COMMISSION CREDIT: The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease. The total amount of the commission is [REDACTED] x 4,084 RSF x 5-years [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 [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit").

Initials MM & LB
Lessor Gov't

SHEET NUMBER 2 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02670

The Commission Credit is [REDACTED] ([REDACTED] x 4,084 RSF x 5-years x [REDACTED] x [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 10 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 **\$8,664.89** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second Month's Rental Payment **\$8,664.89** minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's rent.

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