

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

JAN 28 2009

LEASE NO. GS-10B-06961 BLDG NO. OR6715

THIS LEASE, made and entered into this date by and between

whose address is **Barry Real Estate Companies, Inc.**
30 Ivan Allen Jr. Boulevard
Suite 900
Atlanta, GA 30308-3035

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 consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby Leases to the Government the following described premises:

134,159 rentable square feet of office and related space which yields 121,794 ANSI/BOMA (ABOA) square feet of office space with two hundred (200) parking spaces to be provided in a parking garage to be constructed on site for the exclusive use of Government employees and patrons. The facility will be constructed on that certain real property located in the City of Portland, County of Multnomah, and State of Oregon located on a site legally described as Parcel A, A PORTION OF THE "CASCADE STATION LEASE BOUNDARY SURVEY" PREPARED BY THE PORT OF PORTLAND AND RECORDED AS SURVEY NUMBER 58015. Such facility described herein, together with the real property shall be hereinafter collectively referred to as the "Leased Premises". The Leased Premises are to be constructed in accordance with the concept plans and concept drawings dated 18-July-2008, 28-August-2008 and 3-October-2008 and in accordance with the provisions of Solicitation for Offers 6OR0102 in its entirety to be used for such purposes as determined by the General Services Administration.

2. The Lessor hereby leases to the Government to have and to hold the Leased 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 a twenty (20) year term. In accordance with SFO Paragraph 1.23, the occupancy date December 31, 2010 has been extended in accordance with Amendment 5 to SFO No. 6OR0102 dated October 31, 2008 with an occupancy date of no later than March 1, 2011. Acceptance of space shall be made in accordance with Section 4.17 (F) of the SFO No. 6OR0102 attached to and made a part of this lease
3. The Government shall pay the Lessor annual rent of \$4,894,120.32 at the rate of \$407,843.36 per month in arrears (\$36.48 per rentable square foot). Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

BARRY REAL ESTATE COMPANIES, INC.
30 IVAN ALLEN JR. BOULEVARD
SUITE 900
ATLANTA, GA 30308-3035

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

LESSOR **BARRY REAL ESTATE COMPANIES**

BY _____
(Signature)

IN PRESENCE _____

30 Ivan Allen Jr. Blvd, Ste 900, Atlanta GA
(Address) 30308

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY Stephen B. Monkowski Contracting Officer
(Signature) (Official title)

4. **TERMINATION RIGHTS:** Paragraph intentionally deleted.
5. **RENEWAL OPTIONS:** Paragraph intentionally deleted.
6. 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 SFO 6OR0102 dated May 29, 2008.
 - B. Build out in accordance with standards set forth in SFO 6OR0102 dated May 29, 2008, including SFO Amendments 1-5 dated December 12, 2007, December 28, 2007, June 9, 2008, July 9, 2008 and October 31, 2008 respectively, and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations are to be completed by the lease effective date identified under Paragraph 2 above. Lease term will be effective on date of occupancy if different from the date identified in Paragraph 2.
 - C. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
7. The following are attached and made a part hereof:
 - A. Attachment to SF-2 Paragraphs 10-42 (9 Pages)
 - B. Solicitation for Offers No. 6OR0102 Phase II SFO (69 Pages)
 - C. Nationwide Program of Requirements (POR) (163 Pages)
 - D. Room Data Matrix Legend and Room Data Matrix (30 Pages)
 - E. Cascade Station Parcel A Option Agreement and Option Extension (16 Pages)
 - F. Seismic Compliance (1 Page)
 - G. GSA Form 3517B General Clauses (33 pages)
 - H. GSA Form 3518 Representations & Certifications (including CCR registration) (11 Pages)
 - I. Appendix A – Final Revised Proposal Schematic Design Plans, dated 18-July-2008, 28-August-2008 and 3-October-2008, (20 Pages)
 - J. Appendix B – Unit Cost for Adjustments (5 Pages)
 - K. Appendix C – Security Unit Price List (3 Pages)
 - L. Appendix D – CSI Summary Report (1 Page)
 - M. Appendix E – LEED-NC Project Checklist (2 Pages)
 - N. Appendix F – Davis-Bacon Wage Determination Information (30 Pages)
8. The following paragraphs are deleted in their entirety from the Solicitation for Offers: Paragraphs 1.2, 1.3; all Paragraphs contained in Section 2.0; and Paragraphs 3.1 through 3.7.
9. The date of this award, January 30, 2009, is the date this contract was formed as a result of the Government's acceptance of the Lessor's Final Revised Proposal dated October 8, 2008, submitted by the Lessor under SFO 6OR0102 and all attachments. This Lease reflects the terms and conditions of the accepted Final Revised Proposal.

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10. **RENTAL RATE:** It is mutually agreed the following rates apply in payment of this lease for year 1.

YEAR 1	\$ PER RENTABLE (134,159 sq. ft.)	ANNUAL DOLLAR AMT
Shell	\$27.69	\$3,714,862.71
Operating Costs*	\$4.52	\$606,398.68
Tenant Improvements	\$4.27	\$572,858.93
Bldg Specific Security	\$0.00	\$0.00
TOTAL	\$36.48	4,894,120.32

*Refer to Paragraphs 17 and 18 of this SF-2 for future escalation clauses.

11. **LESSOR'S TEAM COMPOSITION AND GENERAL OBLIGATIONS:** The Lessor's team members assembled to meet the overall responsibilities and obligations under this contract are:

- A. Developer – Barry Real Estate Companies
- B. Architectural/Engineering Firm – Hammel Green & Abrahamson
- C. General Contractor – Skanska USA

It is mutually agreed the following represents the team members:

- A. Chris Schoen, Principal-in-Charge
- B. Matt Connolly, Project Manager
- C. Bill Blanski, Lead Design Architect
- D. Rich Bonin, Interior Design
- E. John Biaglow, Construction Project Manager

It is acknowledged that the composition of the team submitted on January 16, 2007, was a material factor in the selection of the Lessor for award of this Lease. Other individuals selected to the Lessor's team must have an (b)(6) security clearance prior to having access to any procurement information. The following information must be supplied to the Contracting Officer for any new team member to have their security clearances processed:

- A. Full legal name
- B. Birth date (including year)
- C. Social Security Number

12. **SECURITY CLEARANCES:** It is mutually agreed that personnel providing any services including cleaning and construction personnel, will receive additional security clearances by GSA and (b)(6).

13. **LESSOR INFORMATION:** The Government acknowledges the following information for Barry Real Estate Companies:

- A. The DUNS Number is 95-8099756
- B. The Employer Identification Number (EIN) / Taxpayer Identification Number (TIN) is (b)(6).

14. **ANSI/BOMA (ABOA) SF:** The total ANSI/BOMA square foot area referred to in Paragraph 1 of the SF-2 form herein above, is subject to adjustment to the actual number of ANSI/BOMA square feet delivered, to be determined by mutual field measurements in accordance with the provision of Paragraphs 4.8, 4.9 and 4.10 in the SFO.

If the actual number of ANSI/BOMA square feet differs from Paragraph 1 of the SF-2, the Lease shall be amended by Supplemental Lease Agreement after field measurement to establish the square footage in compliance with the terms of this Paragraph.

Should there be any adjustment in the actual amount of ANSI/BOMA area delivered, the annual rent referred to in Paragraph 3 herein shall be adjusted according to the rates set forth in Paragraph 3.

15. **COMMON AREA FACTOR:** It is mutually agreed the common area factor for the Leased Premises shall be 1.01015 based upon 121,794 ANSI/BOMA square feet.

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28. **LEED-NC:** It is mutually agreed the Lessor will obtain, at a minimum, a LEED-NC Certified rating. The proposed LEED-NC Version 2.1 Registered Project Checklist, submitted with the offer dated July 18, 2008, is Appendix E of the Lease.
29. **CHANGE ORDER PROCEDURES:** In the event of change orders, the Lessor agrees to the following procedures:
- A. The General Conditions will not exceed 8.0% of the total subcontractor's costs.
 - B. The General Contractor's fee will not exceed 3.5% of the total subcontractor's costs and General Conditions for Change Order.
 - C. The Architectural/Engineering fees will not exceed 4.5% of General Contractor's Total Cost of Change Order.
 - D. The Lessor's Project Management fee will not exceed 5.0% of the total of General Contractor's Total Cost and other associated costs.
 - E. All requests for change orders shall be in writing from the General Services Administration's (GSA) Contracting Officer.
 - F. Price quotations shall be supplied to the requestor within one week of the written request.
 - G. Notification of change orders status shall be given within three weeks of the date the price quotation was received.
 - H. Without written approval from the GSA Contracting Officer, no change order should be processed. If a change order is processed without written consent of the GSA Contracting Officer, the Lessor shall bear full financial responsibility for the change order and compliance to the terms of Lease GS-10B-06961.
30. **PORTLAND CONSTRUCTION REQUIREMENTS:** The Lessor will comply with all construction and development requirements of the City of Portland, Oregon. Furthermore, the Lessor will meet all Fire and Life Safety requirements as stated in the Lease contract, along with meeting all local codes specified in local standards.
31. **SPACE ACCEPTANCE DOCUMENTATION:** Upon space acceptance, the Lessor shall provide the GSA Contracting Officer with copies (hard and electronic, PDF (PDF preferred)) of all instruction manuals, warranties, and maintenance schedules for all building systems, including but not limited to roof, elevators, furnace, HVAC units, etc.
32. **TENANT IMPROVEMENTS:** The Lessor will provide all Lease (SFO/POR) requirements in addition to the special requirements as stated in the SFO, which will be further identified on the design intent drawings. These special requirements are included in the amortized cost per square foot in the proposal. Tenant Improvements have been established by SFO Paragraph 1.31 Tenant Improvements for Turnkey Leases. Pursuant to SFO Paragraph 1.31, Tenant Improvements for Turnkey Leases, the Government, at its sole discretion, shall make all decisions as to the usage and payment for said Tenant Improvements. All Tenant Improvements required by the Government for occupancy must be performed by the Lessor as part of the rental consideration.
33. **AMORTIZATION OF TENANT IMPROVEMENTS:** It is mutually agreed that the rate of interest amortized in the rent for the initial tenant improvements is 6.50%

34. **ABOVE STANDARD COST:**

Concerning above standard items:

- A. The Lessor shall provide all labor, materials and equipment to install the following above standard items and to maintain the materials and equipment in accordance with this Lease Agreement and OMB Circular A-11 pursuant to OMB Pricing Policy:

Item	
Building Specific Security	\$4,621,414
Tenant Improvement Security	\$ 972,325
Other Tenant Improvements	\$2,606,261
TOTAL ABOVE STANDARD ITEMS COST	\$8,200,000

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- B. The Government shall make a "LUMP SUM" payment within 30 days upon receipt of an invoice after completion and acceptance of the work and the space by the Government. Payment will be due only for items which are both: (a) listed in this paragraph; and (b) either (i) shown on the Government's approved layouts; or (ii) changes requested in writing by the Contracting Officer.
- C. Invoices for Above Standard Items: The invoice shall annotate the name and address of the submittee (the submittee must match the name and address in the Governments' vendor file), an invoice number, and PDN #: PS0013820. The Lessor shall submit an original and one copy of the invoice for the Above Standard Items. The Original Invoice shall be submitted either electronically to the Finance Website at <http://www.finance.gsa.gov> or mailed to: GSA, Greater Southwest Finance Center (7BCP), P.O. Box 17181, Fort Worth, TX 76102.

A copy of the invoice shall be simultaneously submitted to the Contracting Officer at: General Services Administration, Stephen D. Monkewicz, 400 15th Street SW 10PTE, Auburn, WA 98001-6599

- D. Title to items for which the Government makes a "LUMP SUM" payment shall vest in the Government subject to 3517B General Clause 4 entitled "Subordination, Nondisturbance and Attornment". No removal of any such property shall relieve Government of its obligations under the Lease. These items can be removed in a commercially reasonable fashion by the Government at any time. The Lessor waives any restoration in connection with these items subject to the building remaining fully functional and the Government committing no waste through its removal of any property. Unless the Government has removed the items from the Premises, the Lessor shall remain responsible for maintenance and repair of all items provided by the Lessor under this lease. If, after the lease term or any extensions, or succeeding lease term, the Government elects to abandon any items in place, title shall pass to the Lessor. This paragraph shall also apply throughout the term of the lease to any work requested by the Government after occupancy.

35. CONSTRUCTION SCHEDULE AND DESIGN INTENT DRAWINGS: The construction schedule required in POR Paragraph 3.3.D., "DESIGN INTENT DRAWINGS (DID): POST AWARD" shall be adjusted so that design intent drawings shall be due from the lessor no later than 180 calendar days after award of the Lease. All other aspects of Paragraph 3.3, D. of the POR remain in force and full effect. All references to "working days" in the SFO shall not include the period from December 15 through January 1 of any calendar year.

36. INSPECTION OF PREMISES: Concerning inspection of premises:

- A. The Lessor shall notify the Government fifteen (15) business days in advance of the anticipated substantial completion date as defined in Paragraph 1 of the GSA Form 3517. Within ten (10) business days after the date the Lessor notifies the Government that the space is "substantially complete," the Government shall inspect the Premises and appurtenances. Within five (5) business days after the inspection, the Government shall notify the Lessor of any deficiencies in the Premises and appurtenances and the Lessor shall thereafter diligently pursue remedying any defects. If any subsequent Government inspection is required to confirm conformance with the results of a prior inspection, any such subsequent inspection and notification of the results of such inspection shall be made in accordance with the foregoing procedure and the time frames.
- B. The period during which rent shall be deemed to have commenced for the Premises shall be the date that the entire space is accepted for occupancy by the Government (or the date accepted for occupancy, subject to completion of a written punch list of items not materially affecting beneficial occupancy which are yet to be finished.) Any items to be completed or corrected that have been identified at the acceptance of the space as a

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punch list item 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.

37. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Service Administration Contracting Officer. This contract is between GSA and Bary Real Estate Companies, Inc. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the term 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 if the improvements remain in place after the Government's acceptance of the space.
38. **GENERATOR REQUIREMENTS:** As per [REDACTED] TOR requirements section 12.3, Minimum Standby Generator Capacity, the standby generator shall have a minimum capacity of 600 kilowatt (kW). The actual generator capacity will be determined during the final design phase and any required increase in capacity will be at the expense of the Lessor.
39. **COMMISSION AND COMMISSION CREDIT:** The Lessor agrees to pay Jones Lang LaSalle (Broker) a commission less a commission credit in accordance with SFO Paragraph 1.9 "Broker Commission and Commission Credit" and the Commission Agreement between Lessor and Broker dated October 22, 2008, incorporated hereby into the Lease. The Lessor also agrees that the commission due Broker from Optionor per the "Cascade Station Parcel A Option Agreement" dated October 31, 2007 will be credited to the Lessor at the closing of the purchase and sale of the ground lease rights and added to the Broker Commission and Commission credit according to Contract GS-00P-05-BDQ-0003 between Broker and GSA. The resulting Commission and Commission Credit are calculated as follows.

The commission payable to Broker equals the sum of [REDACTED] (lease commission) and [REDACTED] (option agreement commission), or [REDACTED] Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction (a "Commission Credit"). The Commission Credit therefore equals [REDACTED]. Notwithstanding Paragraph 3 of this Lease, the first two month's rental payments due and owing under the Lease shall be reduced to fully recapture the Commission Credit. The reduction shall commence with the first month of the rental payments following any rental abatement period and continue as indicated in this schedule for adjusted Monthly Rent:

- A. First Month's Rent Payment of \$407,843 less 50% of Commission Credit at [REDACTED] equals [REDACTED]
- B. Second Month's Rent Payment of \$407,843 less 50% of Commission Credit at [REDACTED] equals [REDACTED]

The Lessor shall pay the Broker no additional commissions associated with this Lease.

40. **SITE OPTION ASSIGNMENT:** Notwithstanding anything to the contrary contained in the Lease, including, without limitation, those certain General Clauses contained in GSA Form 3517B incorporated into the Lease ("3517B"), the Government acknowledges and agrees:
- A. That Lessor does not hold fee simple title to the Leased Premises, but instead that Lessor
- i. Will take an assignment from the Government of the Government's option to acquire a leasehold interest in and to the Leased Premises pursuant to that certain Cascade Station Parcel A Option Agreement dated as of October 31, 2007, by and between the

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Portland Development Commission ("PDC"), as optionor, and the Government, as optionee (as amended, assigned or modified from time to time, the "Option Agreement"), and

ii. Pursuant to the Option Agreement, enter into that certain Leasehold Purchase and Sale Agreement [Cascade Station Development for Sublease to United States of America, Acting by and through General Services Administration - 8-Acre Portion of Parcel A] dated as of _____, 2009, by and between the PDC, as seller, and Lessor, as buyer (as amended, assigned or modified from time to time, the "Leasehold Purchase and Sale Agreement").

B. That at the closing of the transactions contemplated by the Leasehold Purchase and Sale Agreement, Lessor will take an assignment of the lessee's interest in and to the Ground Lease by and between The Port of Portland (the "Port"), as lessor, and the PDC, as lessee to be executed at or before such closing (the rights, interests and obligations of the lessee thereunder to-be- or having been assigned to Lessor as described herein) (as amended, assigned or modified from time to time, including, without limitation, a Ground Lease Supplemental Agreement by and among the Port, the PDC and Lessor, to be signed simultaneously therewith, the "Ground Lease"), at which point this Lease GS-10B-06931 will be effective,

C. That the Government's rights under this Lease GS-10B-06931 shall at all time be subject and subordinate to the lessor's rights and interests under the Ground Lease, and that the provisions of Section 11.3.7 of the Ground Lease satisfy Lessor's obligation set forth in Paragraph 4(b) (552.270-23 Subordination, Non-Disturbance and Attornment (Sep 1999)) of said General Clauses, (d) that neither the Government, nor anyone claiming by, through or under the Government, shall take any action or fail to take any action that would cause Lessor to be in default under the Ground Lease, and (e) that the Government shall cooperate with Lessor to allow the timely performance of the lessee's obligations under the Ground Lease, including, without limitation, the preparation of the annual certification contemplated by Section 6.14 of the Ground Lease.

41. **GSA FORM 3517B: GENERAL CLAUSES MODIFICATIONS:** GSA Form 3517B is amended as follows:

A. **Clause 2 of the 3517B is deleted in its entirety and replaced with the following:**

2. SUBLETTING AND ASSIGNMENT

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of such subletting. The Government may at any time assign this lease to comparable Government agencies, so long as the Government is not relieved from any obligations to Lessor under this lease by reason of any such assignment. Any assignment shall be subject to prior written consent of Lessor, which shall not be unreasonably withheld.

B. **Clause 17 of the 3517B is deleted in its entirety and replaced with the following:**

17. FIRE AND CASUALTY DAMAGE

i. If the entire Leased Premises are destroyed by fire or other casualty, this Lease will immediately terminate, provided, however, that this Lease shall not be terminated in the first sixteen (16) years of the Lease term by the Government if the Lessor certifies in writing within fifteen (15) days after the incident of such fire or other casualty that the space can be repaired and the premises restored to tenantable condition within three hundred sixty (360) days of the date of such certification by the Lessor. If the Lessor shall deliver such certification, then:

1. The Lessor shall, within three hundred sixty (360) days, diligently commence therepair or restoration of the entire leased premises to a tenantable condition and complete such repair or restoration within three hundred sixty (360) days, provided that if such repair or restoration cannot be completed

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within such three hundred sixty (360) day period by diligent commencement and continuous pursuit of such repair or restoration, such repair or restoration shall be completed as soon as is reasonably practicable,

2. The rent during the period of destruction or damage shall be wholly abated effective from the date of such destruction or damage,
 3. The Government shall reoccupy the Leased Premises upon completion of such repairs or restoration and
 4. The Government shall not be permitted to terminate this Lease as a result of such destruction or damage so long as the Lessor diligently commenced to repair or restore and thereafter diligently and continuously pursues such repair or restoration to completion.
- ii. In case of partial destruction or damage, so as to render the Leased Premises completely untenable, as reasonably determined by the Government, then the Lessor shall undertake the repair or restoration of the Leased Premises as set forth in, and subject to the terms of clause (a) above.
- iii. In the event of a partial destruction or damage that renders a part of the Leased Premises untenable, as reasonably determined by the Government, then:
1. The Lessor shall, within three hundred sixty (360) days, diligently commence the repair or restoration of such portion of the leased premises to the condition in which such part of the premises existed before such destruction or damage and complete such repair or restoration, provided that if such repair or restoration cannot be completed within such three hundred sixty (360) day period with diligent commencement and continuous pursuit of such repair or restoration, such repair or restoration shall be completed as soon as is reasonably practicable,
 2. The rent during the period of partial destruction or damage shall be proportionately abated during the period that such part of the Leased Premises is untenable effective from the date of such partial destruction or damage, and
 3. The Government shall reoccupy such part of the Leased Premises upon completion of such repairs or restoration. During such time as the Lessor shall be repairing or restoring such part of the Leased Premises, rent shall not abate on any space not affected by such partial destruction or damage.
- iv. As soon as practicable after a partial destruction or damage to the Leased Premises but in no event more than thirty (30) days thereafter, the Lessor shall provide to the Government a schedule and plans for accomplishing the repair or restoration. The Government shall have the right to review and approve such schedule and plans for repair or restoration of the premises, with the Government's approval not to be unreasonably withheld, conditioned or delayed.
- v. Nothing in this lease shall be construed as relieving Lessor from liability for damage to or the destruction of property of the United States of America caused by the willful or negligent act or omission of the Lessor.

- C. **New General Clause 49 entitled "Remedies; Limitation on Offset; Notice of Exercise of Remedies; and Opportunity to Cure"** This New Clause impacts the following current clauses of the GSA Form 3517B: Default in Delivery (General Clause 11); Failure in Performance (General Clause 15) and Default by Lessor during the Term (General Clause 16).

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49. REMEDIES; LIMITATION ON OFFSET; NOTICE OF EXERCISE OF REMEDIES; AND OPPORTUNITY TO CURE

- i. *Remedies.* Subject to the provisions of this Clause No. 49 upon the failure of the Lessor to perform any of its covenants, agreements or obligations set forth in this lease, the Government may exercise any of the rights and remedies provided for in this lease. Notwithstanding the foregoing, the right of the Government to offset or deduct any amount against any payment of rent due under the Lease or reduce any payment of rent due under the lease shall be limited to the portion of the rent not required for the payment of Lessor's financing and base year taxes (the "Debt Service Rent"), calculated on a monthly basis. The Debt Service Rent shall be set forth in a supplemental lease agreement to be executed and delivered by Lessor and the Government upon the consummation of Lessor's permanent financing. In the event that the Government shall be entitled to any offset, deduction or reduction and the rent in excess of the Debt Service Rent shall not fully compensate the Government for the amount which the Government is entitled to offset, deduct or reduce, the Government shall be entitled to carry such excess over to the next ensuing month. Any excess remaining due after the expiration or earlier termination of the lease shall be made by a lump sum payment to the Government within thirty (30) days of such event and interest shall accrue thereafter at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (U.S. Code 41 USC 611) that is in effect on the day after the due date.
- ii. *Notice of Exercise of Remedies.* In the event of any circumstance which would permit the Government to terminate this Lease pursuant to these General Clauses or any other provision of this Lease, no termination be taken by the Government unless both the Lessor and the current first mortgagee of which the Government has notice are provided with written notice of such event or proposed rental reduction, deduction or offset, together with the opportunity to cure or eliminate same within a reasonable period of time considering the nature and scope of the default or event giving rise to the right to offset or reduce rent or terminate this Lease, as set forth in Clause 49(c) below. The Government's obligation to provide such notice to the current first mortgagee shall extend only to the first mortgagee or the party representing the first mortgagee. It shall be the Lessor's obligation to provide the Government with the proper name and address of the first mortgagee or the party representing the first mortgagee.
- iii. *Opportunity to Cure.* Before exercising any of the rights provided in this Lease to terminate this Lease, the Government shall provide the Lessor and the first mortgagee with reasonable written notice and an opportunity to cure pursuant to this Clause No. 49. However, in the event of a bona fide emergency, the Government has the right to take immediate corrective action without providing such opportunity to cure, with notice to the Lessor and the first mortgagee provided as soon as is practicable. In the event any repair or other cure cannot reasonably be completed within thirty (30) days, the Lessor shall be entitled to such additional time as is reasonably necessary to effectuate such repair or cure, provided that efforts to cure are initiated promptly within such thirty (30) day period and the Lessor proceeds diligently and continuously to complete such repairs or other cure. The remedies provided herein are not exclusive and are in addition to any other remedies which may be available under this Lease or in the law, and the limitation set forth herein shall not be deemed to preclude the Government from pursuing such remedies, nor from proceeding under the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.) to recover any amounts which may have been expended by the Government in accordance with the provisions of this paragraph, provided that in pursuing any such remedy that permits the Government to terminate this Lease, the Government shall provide the notice and other rights described in this Clause No. 49.

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42. CLARIFICATIONS:

- A. As a general requirement, the Lessor acknowledges the 3517B as an incorporated part of the Lease. Government acknowledges that Lessor offered certain alternative language to the 3517B, as requested by Lessor's lender. GSA shall reasonably consider alternative language to certain clauses of the 3517B should any provision thereof prohibit Lessor from obtaining the financing necessary to construct the Leased Premises. Sources of alternative language that shall be considered by GSA shall include, but not be limited to, GSA Form 3517X Credit Lease.
- B. The Government acknowledges that, notwithstanding the representation required in 3517B General Clause 4(a), Lessor does NOT own title to the land on which the Leased Premises will be constructed, but instead will take assignment of the Option Agreement and Option Extension and enter into a leasehold with PDC.
- C. Lessor acknowledges the Ground Lease is an attachment to the Cascade Station Parcel A Option Agreement and Option Extension incorporated into the SF-2 at Paragraph 7E., and Government acknowledges that (a) any terms and conditions of same shall prevail in the event of a conflict with the Lease; and (b) Lessor is authorized to negotiate a Ground Lease Supplemental Agreement (included in the Ground Lease and provided by GSA within the documents described at 7E.), and other changes as needed to the Ground Lease, directly with PDC. The Lease is subordinate to the Ground Lease and the Government shall neither take any action, nor fail to take any required action, that would cause Lessor to be in default under the Ground Lease. Government shall amend the Lease as required to eliminate or address such conflicts as they may arise without consideration provided by the Lessor.
- D. The Occupancy and Delivery Dates required in the Lease shall be extended by the Government in the event of any delay imposed on Lessor by Portland Development Commission or the Port of Portland's execution or acceptance of the Leasehold Purchase and Sale Agreement and its attachments; the Ground Lease; or other documents critical to Lessor obtaining control via a leasehold estate in the site on which the Leased Premises shall be constructed.
- E. GSA acknowledges Lessor's intent to establish a single owner entity prior to closing on financing. The Government may recognize such entity as Lessor upon completion of a Lease Assumption Agreement meeting requirements of FAR 42.12 and memorialized via a Supplemental Lease Agreement.

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