

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE: 9/30/2011

LEASE No. GS-09B-02770

THIS LEASE, made and entered into this date between LBA Realty Fund II – WBP II, LLC

whose address is: 17901 Von Karman Ave, Suite 950  
Irvine, CA 92614

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:  
12,265 rentable square feet (RSF), yielding approximately 11,198 ANSI/BOMA Office Area square feet and related space located on the first floor at the Diablo Business Center, 3640 East Weir Avenue, Phoenix, AZ, together with thirty five (35) surface, secured, reserved parking spaces onsite for Government Vehicles and fenced parking for three (3) 8x17 foot trailers 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 the day the space is accepted by the Government as complete and ready for occupancy, through the following ten (10) year term in accordance with the paragraph entitled "Acceptance of Space" herein, subject to termination rights as hereinafter set forth.
3. The Government shall pay the Lessor annual rent of \$303,020.26 at the rate of \$25,251.69 per month in arrears for years one (1) through five (5). The annual composite rate of \$24.706095 per rentable square foot includes shell rent rate of \$11.79/RSF, amortized tenant improvement rate of \$8.506095/RSF, and the base operating rate of \$4.41 per rentable square foot. For years six (6) through ten (10), the Government shall pay the Lessor an annual rent of \$229,968.75 at the rate of \$19,164.06 per month. The annual composite rate for year six (6) through ten (10) of \$18.75 per rentable square foot includes shell rent rate of \$14.34 per rentable square foot and the base operating rate of \$4.41 per rentable square foot. The operating rent is subject to CPI adjustments as explained hereinafter. Rent for a lesser period shall be prorated. Rent checks shall be payable to:

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4. The Government may terminate this lease in whole or in part effective any time after the fifth year of this lease by giving at least 180 days' prior notice in writing to the Lessor. In connection with any termination of the Lease with respect to only a part of the space, the part surrendered by the Government shall be a "marketable block", being legally demised and having a separate legally accessible entrance/exit and otherwise leasable to a third party tenant, taking into account all relevant facts and circumstances. Demising, corridor or other improvement work necessary to render a "marketable block" shall be paid by the Government. 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 deleted.
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. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO including all cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 0AZ2108 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 0AZ2108 (pages 1-50) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Space Requirements Questionnaire (pages 1-18);
- c) Amendment Number 1 (page 1), Amendment Number 2 (Page 1);Amendment Number 3 (Page 1);
- d) GSA Form 3517B (pages 1-33);
- e) GSA Form 3518 (pages 1-7);
- f) Sheet no. 1 and Sheet no. 2 containing Paragraphs 15-23;
- g) Site Plan (Exhibit "A", page 1-2)

8. This paragraph has been intentionally deleted.

9. The Lessor shall have 65 working days from the receipt of the Government's 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.

10. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 12,265 rentable square feet of the total 101,363 square feet of the total rentable area of the property; the Government's percentage of occupancy is 12.1% of the property.

11. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$4.41 per rentable square foot per annum for a total base year operating cost of \$54,088.65. The Operating Costs rate shall be adjusted annually based upon Paragraph 4.3, "Operating Costs."

12. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.4, "Adjustment for Vacant Premises", in the event of the Government vacating the leased premises, in whole or in part prior to lease expiration or earlier termination, the rental will be reduced by \$3.24 per ANSI/BOMA Office Area square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.3, "Operating Costs."

13. **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 (7:30 a.m. – 5:30 p.m., Monday through Friday) and except Federal Holidays ("Normal Hours"), at a rate of \$20 per hour. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 230 North Avenue, Phoenix, AZ 85025, to receive payment.

14. **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 Space Requirements Questionnaire. The charges for heating and cooling of these areas shall be provided at the rate of \$50 per month per 100 square feet after "Normal Hours". Only the 120 SF server room explained in the Space Requirements Questionnaire requires 24 hour HVAC.

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

LESSOR: LBA Realty Fund II - WBP II, LLC

BY [Signature] (Signature) [Signature] (Signature)

IN PRESENCE OF: [Signature] (Signature)

17901 Von Karman Ave, Irvine, CA 92614 (Address)

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

BY [Signature]  
CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02770

15. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance is \$38.29 per ANSI/BOMA Office Area square foot for a total maximum amount of \$ 428,771.42. The Tenant Improvement Allowance shall be amortized over the 5 year firm term of the lease agreement at an interest rate (amortization rate) of 8% per year.

16. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE**

- A. Budget and Price Proposals for Tenant Improvements
  - (1) The Lessor shall submit to the Government a tenant improvement budget proposal with the Government Approved Design Intent Drawings which shall meet the requirements of the Lease Agreement. The cost estimate must be submitted in Construction Specification Institute (CSI) Format.
  - (2) The price proposal referenced therein shall be a price proposal based on the Tenant Improvements and associated work shown on the Working Drawings/Construction Drawings. Lessor shall submit the price proposal together with the Working Drawings/Construction Drawings.
- B. 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.
- C. The construction schedule 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" shall not include the period from December 15 through January 1 of any calendar year.
- D. Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in a format meeting the requirements of Paragraph A(1) 10 working days prior to "Substantial Completion". Lessor acknowledges that the Government will not be responsible for the payment of any changes to the Tenant Improvements not approved in writing by the Contracting Officer in accordance with the terms of this Lease.
- E. The construction schedule must adhere to SFO No. 0AZ2108 Paragraphs 5.10 and 5.11 with the exception that the construction schedule shall commence upon completion of a post-award Construction Kick-Off Meeting.

17. **OCCUPANCY REPORTS:**

- A. Building Systems: In accordance with Paragraph 8.0 "Building Systems," of the Solicitation For Offers No.0AZ2108, the Lessor shall furnish at no cost to the Government the required building system reports prior to the Government's occupancy of the Premises.
- B. Acoustical Requirements: In accordance with Paragraph 6.8 "Acoustical Requirements" of the Solicitation For Offers No.0AZ2108, the Lessor shall furnish at no cost to the Government the required acoustical reports prior to the Government's occupancy of the Premises.

18. **ACCEPTANCE OF SPACE:**

- A. The following is added to Paragraph 5.11G (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.

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".

Initials:  &   
Lessor & Government

