

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE: APR 19 1995

LEASE No. GS-09B-94150

THIS LEASE, made and entered into this date between Hawthorne Plaza, Ltd. by its General Partner, ARCON, Inc. whose address is: 75 Hawthorne Street San Francisco, CA 94105

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:

Block A:

199,636 rentable square feet [rsf] (180,204 occupiable square feet [osf]) of office and related space, as further described in Exhibit A, in 75 Hawthorne Street, San Francisco, California, as depicted in the plans marked Exhibits B1 through B14, together with eight (8) reserved off-street parking spaces to be used for such purposes as may be determined by the Government.

Block B:

21,608 rsf (19,742 osf) of office and related space, as further described in Exhibit A, in 95 Hawthorne Street, San Francisco, California, as depicted in the plans marked Exhibits B15 through B16. Collectively, the combined structure of 75 Hawthorne Street and 95 Hawthorne Street shall hereinafter be called THE BUILDING. The Lessor shall also make available to the Child Care Center Operator, an independent contractor of the Government which may change from time to time and which shall be identified to Lessor by letter notification, a minimum of twelve (12) inside parking spaces. The rental rate for these twelve parking spaces shall be negotiated between the Lessor and the Child Care Center Operator but the rate charged to the Child Care Center Operator shall not exceed the price normally charged by the Lessor to other tenants of the Building.

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 14.5 year term beginning on April 1, 1995, through September 30, 2009, ~~subject to termination and renewal rights as may be hereinafter set forth.~~

3. RENT.

A. The Government shall pay the Lessor annual rent, monthly in arrears, in accordance with the following schedule:

(1) For office and related space:

Blocks A and B:

Years	Rent/Annum/RSF	Rent/Annum	Rent/Month
1-6	\$20.79	\$4,598,758	\$383,230
7-15	\$25.76	\$5,698,461	\$474,872

(2) Year 15 will begin on April 1, 2009, and will end on September 30, 2009.

(3) Eight (8) parking spaces are included in the base rent.

B. Rent for a lesser period shall be prorated.

C. Rent checks shall be made payable to: Hawthorne Plaza, Ltd., 75 Hawthorne Street, San Francisco, CA 94105.

4. This paragraph of the Standard Form 2 Lease is deleted in its entirety.

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6. The Lessor shall furnish the following to the Government as part of the rental consideration:

A. All labor, materials, equipment, design fees, 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 the Lease ~~and the Government's Final Layout Drawings~~; provided that the Government shall make payments for Lump Sum Items identified in Paragraph 10 of the Lease in the amounts specified in such paragraph and that unit cost adjustments shall be made in accordance with Paragraph 9 of the Lease if the delivered quantities of items listed in such paragraph differ from quantities specified in the Lease. Government and Lessor acknowledge that the space is being delivered to Government in "as-is" condition, subject to modifications as required by Section 9.0 -- Special Requirements, of the Solicitation for Offers (SFO) No. 94150.

B. All of the utilities, services, maintenance, repair, replacement and inspections as required in the Lease.

C. All parking spaces described in Paragraph 1 and required by local code, together with all appurtenant improvements and facilities.

7. The following are attached and made a part hereof:

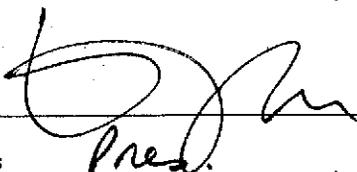
- A. Sheets Nos. 1 through 2 containing Paragraphs 9 through 16 of the Lease
- B. SFO No. 94150 -- 36 pages
- C. Special Requirements to the SFO with Appendices A through D -- 13 pages
- D. Lease Exhibit A -- Description of the Premises -- 1 page
- E. Lease Exhibits B1 through B16 -- Block floorplans of the Premises -- 16 pages
- F. Lease Exhibit B17 -- Block floorplan of the Expansion Space -- 1 page
- G. GSA Form 3517, General Clauses (Rev 9/94) -- 25 pages
- H. GSA Form 3518, Representations and Certifications (Rev 5/94) -- 6 pages

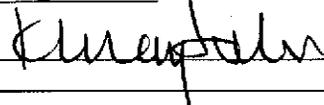
8. The following changes were made in this lease prior to its execution:

- A. Paragraphs 2, 3 and 6 of this Standard Form 2 have been modified from their original SF2 format.
- B. Paragraphs 4 and 5 of this Standard Form 2 have been deleted in their entirety.

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

LESSOR -- Hawthorne Plaza, Ltd. by its General Partner, ARCON, Inc.

BY  BY \_\_\_\_\_  
 Its Pres. Its \_\_\_\_\_

IN PRESENCE OF  ADDRESS - same -

UNITED STATES OF AMERICA

BY  CONTRACTING OFFICER, GSA, PBS, RED



**CONTINUATION SHEET NO. 1 ATTACHED HERETO AND MADE A PART  
HEREOF LEASE NO. GS-09B-94150**

**9. UNIT COSTS FOR ADJUSTMENT.**

(a) Notwithstanding the requirements of Paragraph 3.1, Unit Costs for Adjustment, as the space is being accepted in "as-is" condition, no adjustment for Unit Costs are required under the Lease.

**10. LUMP SUM ITEM PRICES.**

(a) Lump Sum items previously installed by the Lessor under the Expiring Lease and the Expansion Space Expiring Lease shall retain their character as Lump Sum Items under the Lease.

(b) The only Lump Sum Item newly incorporated into this Lease is the Green Light installation per Paragraph 3 of Section 9.0 -- Special Requirements, of the SFO. Pursuant to the Special Requirements, the Lump Sum Item price, referred to in the Special Requirements as the Project Cost, shall be established by separate negotiation subsequent to execution of the Lease.

(c) Both Lessor and Government agree to negotiate in good faith to come to agreement regarding the Project Cost.

(d) Title to items for which the Government makes a lump sum payment shall vest in the Government. These items can be removed by the Government at any time. Lessor waives any restoration in connection with Lump Sum Items. Unless the Government has removed an item from the Premises, Lessor shall remain responsible for maintenance, repair and replacement of all items provided by the Lessor under this Lease, the Expiring Lease or the Expansion Space Expiring Lease. If, after the lease term and any extension, renewal or succeeding lease term, the Government elects to abandon any item in place, title shall pass to the Lessor.

**11. PERCENTAGE OF OCCUPANCY.** Pursuant to Paragraph 3.4 of the SFO - Percentage of Occupancy, the Government's percentage of occupancy is as follows:

75 Hawthorne Street:	60.46%
95 Hawthorne Street:	25.28%.

*Handwritten initials*

**CONTINUATION SHEET NO. 2 ATTACHED HERETO AND MADE A PART  
HEREOF LEASE NO. GS-09B-94150**

12. BASE YEAR FOR TAXES. Pursuant to Paragraph 10.0 of the SFO - Tax Adjustment GSAR 552.270-24 (Deviation 1/91), the Base Years for taxes for Blocks of Space under the Lease are as follows:

Block A:                      Calendar Year 1995  
Block B:                      Calendar Year 1995

13. OPERATING COST BASE. Pursuant to Paragraph 3.6 of the SFO - Operating Costs Base, the base for operating costs adjustment is \$5.8663 per rentable square foot per year.

14. OVERTIME HVAC RATES.

(a) Pursuant to Paragraph 7.3 of the SFO - Overtime Usage, the hourly rate for overtime usage of air conditioning or heating of the Premises is \$90.00 per hour.

(b) Notwithstanding (a) above, Government and Lessor acknowledge that certain spaces within the Premises require HVAC service 24 hours per day, seven days per week. Government and Lessor acknowledge that the cost of providing such HVAC during non-Normal Hours is included in the Base Rent per Paragraph 3 above.

15. EXPANSION OPTION. In accordance with Paragraph 6 of Section 9.0 -- Special Requirements, of the SFO, Government shall have an option to expand the Premises to incorporate into the Lease the [REDACTED] Storage Space, as reflected by Exhibit B17, upon expiration of the Expansion Space Expiring Lease. Government shall pay Lessor \$12.13 per rentable square foot (\$13.95 per osf) per annum for the space.

16. LEASE COMMENCEMENT DATE. Lessor and Government acknowledge that Government has been in holdover status on the Expiring Lease since its expiration date on October 6, 1994. Lessor and Government acknowledge that the required Occupancy Date per Paragraph 1.7 -- Occupancy Date, of the SFO is May 1, 1995. Notwithstanding the required Occupancy Date, Lessor and Government agree that, upon execution of this Lease, the Lease Commencement Date for the Lease will be April 1, 1995.

*Handwritten initials*