

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 101-11.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

JUL 05 2011

LEASE No. GS-09B-02585

THIS LEASE, made and entered into this date between DEG, LLC

whose address is: 1132 Bishop Street, Suite 2305
Honolulu, HI 96813

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:
4,749 rentable square feet (r.s.f.) yielding approximately **4,033 ANSI/BOMA Office Area square feet** and related space located on the 5th Floor (Suite 500) at the 1132 Bishop St., Honolulu, Hawaii, 96813, together with **seventeen (17) reserved and structured parking spaces**, as depicted on the attached Floor Plan (Exhibit A) and Site Plan (Exhibit B) (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 **July 1, 2011** through **June 30, 2021**, subject to termination and renewal rights as may be hereinafter set forth.
3. The Government shall pay the Lessor annual rent of **\$207,721.26** for month 1 through 60 at the rate of **\$17,310.11** per month in arrears (rounded) and annual rent of **\$ 223,039.66** for months 61 through 120 at the rate of **\$18,586.64** per month in arrears (rounded). Rent for a lesser period shall be prorated. Rent checks shall be payable to:

DEG, LLC-Bishop Place
P.O. Box 2900
Honolulu, HI 96813
4. The Government may terminate this lease in whole or in part effective any time after the **fifth (5th) years** of this lease giving at least **sixty (60) 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. The 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. LHI02585 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 Paragraph 8.14.

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 LHI02585 (pages 1-50) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) Special Requirements- The Solicitation For Offers Number LHI02585 (pages 51-52);
- c) First generation Blue-Line Plan (Exhibit "A", page 1);
- d) Site Plan (Exhibit "B", page 1);
- e) Alteration Scope of Work (Exhibit "C", page 1-8);
- f) Amendment Number 1 (pages 1);
- g) GSA Form 3517 (pages 1-2, REV 11/05);
- h) GSA Form 3518 (pages 1-7, REV 1/07);

8. The following changes were made in this lease prior to its execution: Paragraphs 9 through 23 have been added.

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

LESSOR: DEG, LLC

BY _____

(Signature)

(Signature)

IN PRESENCE OF:

(Signature)

(Address)

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

BY _____

CONTRACTING OFFICER, GSA

9. PARAGRAPH 9 IS INTENTIONALLY OMITTED.
10. PARAGRAPH 10 IS INTENTIONALLY OMITTED.
11. The Lessor shall have 60 calendar 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.
12. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.2, "Tax Adjustment," for purposes of tax escalation, the Government occupies 4,749/462,081 rentable square feet (1.03 %).
13. **OPERATING COST:** Pursuant to Paragraph 4.3, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$9.43 per rentable square foot per annum.
14. **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 \$4.24 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."
15. **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 a.m. - 6 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$0 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.
16. **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 Lease. The charges for heating and cooling of these areas shall be reimbursed separately from the rent. The cost for these overtime utilities shall not be included in the offered rental rate or base operating costs.
 - A. The Lessor shall install and maintain a separate meter to monitor the electrical use of the HVAC Server Unit on a 24 hour usage basis. The separate meter shall monitor the actual electrical consumptions of the Server Room HVAC Unit. The Government will pay the actual electrical costs associated with the actual electrical consumption of the Server Room HVAC Unit. The Lessor must submit a proper Invoice with back-up quarterly to the GSA Building Manager or designee located at 300 Ala Moana Blvd, Suite 1-336, Honolulu HI 96850, to receive payment.
 - B. In order to insure accuracy in billing, the invoice must address the exact rate per kilowatt hour charged by the Honolulu Gas and Electrical for the Server Room HVAC Unit. The separate meter shall be capable of monitoring the circuit for the Server Room HVAC Unit. No other electrical outlet or item shall be tied to this circuit for the HVAC Unit for the Server Room. The Lessor shall submit to the Government a circuit diagram demonstrating that only the circuit associated with the Server Room HVAC Unit is on a single circuit and how the separate meter will monitor the actual electrical consumption.
17. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance of \$175,395.17 has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The Total Tenant Improvement Allowance is hereby reserved. Upon completion of Tenant Improvements identified on Exhibit C, attached hereto, the final Tenant Improvement costs will be incorporated into the total rent and amortized over the remaining term of the Lease.
18. **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 5.10(B), "Design Intent Drawings." The budget proposal must be submitted in Construction Specification Institute (CSI) Format.
19. **ACCEPTANCE OF SPACE:**
 - A. The following is added to Paragraph 5.10 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.

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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.

20. 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.

21. 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.

22. 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".

23. The Lease LHI92543 terminates upon the acceptance of space on the Lease LHI02585. No further rents shall be due and payable under the U.S. Government Lease LHI92543.

24. As a part of the rental consideration, the Lessor at Lessor's expense shall replace all carpet and damaged ceiling tiles, shall repaint the leased space, and shall balance the HVAC system in its entirety. All carpet, damaged ceiling tiles, paint, and balancing of HVAC system shall be in conformance with the terms of the lease and shall be completed within 30 days from the Government's execution of the Solicitation For Offers LHI02585. The Lessor, at Lessor's expense, shall be responsible for the removal and re-installation of furniture, as required to perform these services.

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