

**US GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE

LEASE NO.

January 3, 2012

GS-04B-61020

THIS LEASE, made and entered into this date by and between **Western Devcon, Inc.**

whose address is 10525 Vista Sorrento Pkwy #110
San Diego, CA 92121

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:

34,950 ANSI/BOMA Office Area (ABOA) Square Feet (35,000 Rentable Square Feet) of office and related space to be constructed at 1425 Chatham Parkway, Parcel ID #2-0834-01-015, Savannah, GA containing 6.13 acres together with 60 secured, covered, and reserved on site surface parking spaces.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the TWENTY (20) YEAR FIRM term to begin upon substantial completion as defined in Section 1.12 of SFO No. LGA61020.

3. The Government shall pay the Lessor annual rent for the entire term, monthly, in arrears, as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>PRSF RATE</u>	<u>MONTHLY RATE</u>
Years 1 - 20	\$2,097,860.00	\$59.94	\$174,821.67

"The above annual rent is inclusive of the annual operating rental rate indicated in Paragraph 7 of this lease contract."

4. Rental is subject to the Government's measurement of plans submitted by the Lessor or a mutual on-site measurement of the space and will be based on the rate, per BOMA rentable square foot (PRSF) as noted in Paragraph 3 above, in accordance with Clause 27 (PAYMENT), GSA Form 3517B, General Clauses. The lease contract and the amount of rent will be adjusted accordingly, but not to exceed the maximum ABOA usable square footage required in SFO Paragraph 1.3 (Amount and Type of Space). Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

**Western Devcon, Inc.
10525 Vista Sorrento Pkwy #110
San Diego, CA 92121**

5. The DUNS number for Western Devcon Inc. is 607-26-3159.

6. TENANT IMPROVEMENT ALLOWANCE. Pursuant to SFO No. LGA61020, Paragraph 3.2, Tenant Improvements included in Offer, the maximum Tenant Improvement Allowance of \$38.79 per ABOA Square Foot, a total of \$1,355,710.50, shall be amortized over the twenty (20) year firm term of the lease agreement at an interest rate (amortization rate) of 6% per year, yielding an annual cost of \$116,552.77 at a rate of \$3.33 per RSF (\$3.33 per ABOA SF)

7. Upon occupancy, the Government shall make a one-time lump sum payment in the amount of \$5,497,989.00 to the Lessor. This amount represents the cost that exceeds the maximum tenant improvement allowance of \$38.79 per annum stated in SFO No. LGA61020, Paragraph 3.2 (a), "Tenant Improvements Included in Offer (AUG 2008)". Said payment shall not in any event become due prior to substantial completion as defined in Section 1.12 of SFO No. LGA61020.

7. For the purpose of the Real Estate Tax Adjustment, in accordance with SFO No. LGA61020, Paragraph 4.2 of this lease agreement, the base year tax amount is \$170,000.00 (\$4.86 RSF) and the Government will occupy 100% of the rentable square feet of the building. (Based on Government occupancy of 35,000 Rentable Square Feet/34,950 ABOA Square Feet) Percentage of occupancy is subject to revision based on actual measurement of Government occupied space at time of final inspection, not to exceed the maximum ABOA usable square footage stated in the SFO, and in accordance with the GSA Form 3517B, GENERAL CLAUSES.

8. For the purpose of the operating cost escalation, in accordance with SFO No. LGA61020, Paragraph 4.3 of this lease agreement, the annual base cost of services is \$521,157.00 or \$14.89 per rentable square foot.

INITIALS: *Ce2* & *MD*
Lessor Gov't

9. 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 Solicitation for Offers (SFO) No. LGA61020, as amended and Basis of Design (BOD) Version 4, dated July 7, 2011.
- 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 stated in the SFO No. LGA61020, BOD and the Government's space layout drawings.
- C. Build out in accordance with SFO No. LGA61020 and the BOD. The entire laboratory building and secured parking must be ready for occupancy no later than 365 calendar days after the Contracting Officer issues the Tenant Improvement Notice to Proceed. Lease term to be effective upon substantial completion as defined in Section 1.12 of SFO No. LGA61020.
- D. It is the Lessor's understanding that the design concept submitted with his proposal is subject to revision and could be arranged into endless configurations after award. Deviations to the final and approved design concept and space layout furnished by the GSA to the Lessor subsequent to award will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.
- E. Lessor shall provide 60 secured on site surface parking spaces at no additional cost to the Government in accordance with SFO No. LGA61020 and BOD.
- F. As an element of their technical proposal evaluated to determine award, the Lessor shall achieve a Silver LEED rating for this facility within 1 year of Government occupancy.

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

- a) SF-2 Portion of the Lease (pages 1-2)
- b) Continuation of SF-2, GS-04B-61020 (page 1)
- c) Solicitation For Offers LGA61020 (pages 1-70)
- d) Amendment No. 1 dated 02/22/2011 (page 1)
- e) Amendment No. 2 dated 03/04/2011 (page 1)
- f) Amendment No. 3 dated 03/25/2011 (pages 1-2)
- g) Amendment No. 4 dated 07/12/2011 (pages 1-4)
- h) Amendment No. 5 dated 07/28/2011 (pages 1-4)
- i) Amendment No. 6 dated 08/24/2011 (pages 1-2)
- j) Amendment No. 7 dated 09/27/2011 (page 1)
- k) CBP Special Requirements/Basis of Design (BOD) Version 4 dated July 7, 2011 (pages 1-119)
- l) General Clauses, GSA Form 3517B (rev. 6/08) (pages 1-33)
- m) Representations and Certifications, GSA Form 3518 (rev. 1/07) (pages 1-7)
- n) Unit Price List (pages 1-2)
- o) Security Unit Price List (4 pages)
- p) Legal Description of Site and Evidence of Site Control (125 pages)
- q) Zoning Verification Letter (2 pages)

11. In accordance with this lease agreement, Solicitation For Offers No. LGA61020, Paragraph 4.1 (Measurement of Space), the common area factor (CAF) is established as 1.0014% (.0014) based on 34,950 ABOA square feet and 35,000 rentable square feet.

12. For the purpose of the Adjustment for Vacant Premises, in accordance with Solicitation For Offers No. LGA61020, Paragraph 4.4 of this lease agreement, the reduction in operating costs shall be \$00.00 per ABOA square foot of vacant space.

_____ to subscribed their names as of the date first above written.

(Signature)

Western Devcon, Inc.
10525 Vista Sorrento Pkwy, #110, San Diego, CA

(Address) 92121

Marla Dent (Signature)

GSA Contracting Officer

13. The Lessor is responsible for providing all utilities necessary for base building and Government operation and all associated costs are included as a part of the established rental rates. This includes providing 24 hour operating service to the laboratory space or any portion of the Premises that is required to have heating and cooling 24 hours per day as specified in the SFO No. LGA61020 and BOD. Heating and cooling "overtime usage" shall be provided in accordance with SFO No. LGA61020, Paragraph 4.5 of this lease agreement. The overtime usage charge is established to be \$15.00 per hour per office zone for the administrative office area.

14. In accordance with this lease agreement, SFO No. LGA61020, Paragraph 11.1, the Lessor shall deliver to the General Services Administration (GSA) Contracting Officer an unconditional and irrevocable letter of credit in the amount of five hundred thousand dollars (\$500,000.00). Lessor shall provide the irrevocable letter of credit concurrent with the execution of this lease agreement, and said letter of credit will be released upon issuance of the Construction Loan Commitment.

15. Budget and Price Proposals/Construction Schedule:

- A. The price proposal required to be provided by Lessor in SFO No. LGA61020, Paragraph 5.14 (E), Tenant Improvements Price Proposal, must be based upon the results of a competitive proposal meeting all of the requirements of SFO Paragraph 5.6, B(1) through (10), Tenant Improvements Pricing Requirements. The Government has the right, but not the obligation, to accept certified cost or pricing data as described in GSA Form 3517B in lieu of competitive price proposal.
- B. Failure to submit these budgets 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 and Lump Sum Payment specified in the Lease, the construction schedule shall be revised to afford the Government sufficient time to review and resolve the differences.
- C. The construction schedule required in SFO No. LGA61020, Paragraph 5.14 (F), Construction of Tenant Improvements, shall also include adequate time for additional review by the Government of revised Design Intent Drawings and Working Drawings/Construction Drawings.
- D. In addition to the submission requirements specified under SFO Paragraph 5.14, "Construction Schedule and Acceptance of Tenant Improvements", Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format fifteen (15) working days prior to "Substantial Completion". The space will not be considered acceptable for inspection until the Government receives the final tenant improvement costs.

16. UNAUTHORIZED IMPROVEMENTS: All questions pertaining to this lease agreement shall be referred in writing to the GSA 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 the 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. Pursuant to SFO No. LGA61020, Section 10.0, Lease Security Standards, should the Government determine that the Building requires additional or increased security measures, the cost of implementing and maintaining said measures shall be provided at the sole cost of the Government, including potential increases in operating costs. All additional measures implemented shall require the consent of the Lessor, which shall not be unreasonably withheld.

18. The Offeror will have until November 1, 2011 at 12:00 pm (EST) to determine if the current land owner (Savannah Chatham Parkway Property LLC) can deliver the land with title free and clear of any encumbrances except permitted title exceptions. This lease may only become null and void if the Offeror reasonably determines because of title problems the construction of the project is unfeasible and notifies the Government in writing of such prior to November 1, 2011 at 12:00 pm (EST). Failure to timely provide such written notice shall be deemed an acceptance of title.

19. The Lessor must assume the risk of construction including any adverse findings on the site that may impact the construction costs regardless of when these findings are known.

20. In accordance with SFO No. LGA61020, Paragraph 2.14, Broker Commission and Commission Credit, Jones Lang LaSalle ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [redacted] of the 20 year firm term value) and is earned upon lease execution, payable according to the Commission Agreement agreed upon and signed between the two parties. Due to the Commission Credit described in SFO No. LGA61020 Paragraph 2.14, only [redacted] of the Commission will be payable to Jones Lang LaSalle with the remaining [redacted] which is the "Commission Credit" to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest period practical.

Notwithstanding Paragraph 3 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 \$174,821.67 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's Rent.

Second Month's Rental Payment \$174,821.67 minus prorated Commission Credit of [redacted] equals [redacted] Second Month's Rent.

Third Month's Rental Payment \$174,821.67 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's Rent.