

LEASE NO. GS-11P-LMD00161

Warehouse Lease
GSA FORM L201WH (09/14)

This Lease is made and entered into between

Terreno 3601 Pennsy LLC c/o Terreno Realty Corporation

(Lessor), whose principal place of business is 101 Montgomery Street, Suite 200, San Francisco, CA 94104-4124, and whose interest in the Property described herein is that of Fee Owner, and

THE UNITED STATES OF AMERICA

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

3601 Pennsy Drive, Landover, MD 20875-1612

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning on **April 18, 2016** and continuing through **April 17, 2026** for a period of

10 YEARS - 10 YEARS FIRM,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

FOR THE LESSOR:

Name: GREGORY N. SPENCER

Title: VICE PRESIDENT

Entity Name: TERRENO 3601 PENNSY LLC

Date: 6/28/16

FOR THE GOVERNMENT:

Name: Sean J. McNeal

Title: Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: SEP 07 2016

WITNESSED FOR THE LESSOR BY:

Name: Matthew Pioli

Title: Associate

Date: 6/28/16

The information collection requirements contained in this Solicitation/Contract, that are not required by the regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (WAREHOUSE) (MAY 2014)

The Premises are described as follows:

A. Warehouse, Office and Related Space: 72,509 Rentable Square Feet yielding 71,437 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and warehouse space known as the Building, consisting of 55,163 RSF (55,163 ABOA SF) of warehouse space and 17,346 RSF (16,274 ABOA SF) of office space, as depicted on the floor plan(s) attached hereto as Exhibit A.

B. Common Area Factor: The Common Area Factor (CAF) is established as 1.015 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (WAREHOUSE) (MAY 2014)

The Government shall have exclusive or non-exclusive (as identified) right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

A. Automobile Parking:

51 parking spaces for passenger vehicles as depicted on the plan attached hereto as Exhibit B of which zero (0) spaces shall be marked as reserved for the exclusive use of the Government. In addition, the Lessor shall provide any additional automobile parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property. All spaces must be secured and lit in accordance with the Security Requirements set forth in this Lease. The cost of this parking shall be included as part of the rental consideration.

B. Semi-Trailer Staging Area/Parking:

~~XXX parking spaces sized for [TYPE OF] semis and [TYPE OF] trucks as depicted on the plan attached hereto as Exhibit X of which XX shall be reserved for the exclusive use of the Government. XX of the reserved spaces shall also be secured within a fenced-in area with a 10-foot high fence with barbed wire angled outward in the location depicted on Exhibit X attached to this Lease. Should new fencing be required to meet this requirement, the cost of new fencing shall be considered as a part of the shell to be provided by lessor. In addition, the Lessor shall provide such additional truck parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.~~

C. Delivery Route:

- (1) At least one unobstructed route having no steps or abrupt changes in level shall connect with all accessible elements, spaces, buildings, and courses of passage. The minimum clear width of a route shall be 36 inches. If a route is less than 60 inches in width then it shall have level passing zones, spaced at no more than 200 feet apart, measuring a minimum of 60 inches by 60 inches.
- (2) Objects projecting from walls with their leading edges between 27 and 80 inches above the finished floor shall protrude no more than 4 inches into an accessible route. Freestanding objects mounted on posts or pylons may overhang 12 inches maximum from 27 to 80 inches above the ground or the finished floor. Objects mounted with their leading edges at or below 27 inches above the finished floor may protrude any distance. However, no protruding objects shall reduce the clear width of an accessible route or maneuvering space. If vertical clearance of an area adjoining an accessible route is reduced to less than 80 inches, a barrier to warn blind or visually impaired persons shall be provided.
- (3) Mechanical rooms and spaces which are not normally frequented by the public or occupants and are not part of an accessible or emergency route are excepted and need not be accessible.
- (4) Gratings in a route surface shall have spaces no wider than 1/2 inch in one direction and shall be placed so that the long dimension of openings is perpendicular to the dominant direction of travel.

D. Delivery Ramps:

- (1) Any part of an accessible route with a slope greater than 1 foot rise in 20 feet shall be considered a ramp. Where ramps are necessary, they shall have a non-slip surface with a slope no greater than 1 foot rise in 12 feet. Ramps must have a minimum clear width of 3 feet with level landings at the top and bottom of each ramp run. Each landing shall be at least 5 feet in length and as wide as any ramp run leading into it. The maximum rise for any run shall be 30 inches. Intermediate landings for turning ramps shall measure a minimum of 5 feet by 5 feet.
- (2) Lessor shall provide handrails complying with "HANDRAILS" (36 CFR 1191) on both sides of all ramps with a vertical rise greater than 6 inches. Ramps with drop-offs shall have curbs (minimum 2 inches high), walls, railings or projecting surfaces. Lessor shall provide curb ramps wherever an accessible route crosses a curb. Curb ramps shall not interfere with walks or vehicular traffic. The maximum slope of a curb ramp shall be a 1 inch rise per 12 inch run. The maximum length of a curb ramp shall be 6 feet with a minimum width of 36 inches, exclusive of flared sides. If no other alternative is feasible, accessible platform lifts may be used in lieu of a ramp or elevator. Lifts shall have accessible controls and clearances, shall comply with applicable safety regulations, and should facilitate unassisted entry and exit.

E. Antennas, Satellite Dishes, and Related Transmission Devices:

- (1) Space located on the roof of the Building sufficient in size for the installation and placement of telecommunications equipment,
- (2) the right to access the roof of the Building, and
- (3) use of all Building areas (e.g., chases, plenums, etc.) necessary for the use, operation, and maintenance of such telecommunications equipment at all times during the term of this Lease.

F. Loading Docks. See "LOADING DOCKS SHELL WAREHOUSE" paragraph in Section 3 of this Lease.

1.03 TRUCK TURNING RADIUS REQUIREMENTS (WAREHOUSE) (MAY 2014)

At a minimum, a truck turning radius of sized for up to a 53'0" tractor trailer shall be provided and maintained at all times for all loading docks designed for such sized trucks. One-way design for service traffic is preferred in order to avoid the need for large turning areas.

1.04 CLEAR CEILING HEIGHT REQUIREMENTS (WAREHOUSE) (MAY 2014)

A minimum of 16,274 ABOA SF must have a clear ceiling height of 9 feet 0 inches, measured from floor to the lowest obstruction, with the balance of the space maintaining a clear ceiling height of a minimum of 24 feet 0 inches. Bulkheads and hanging or surface mounted light fixtures which impede traffic ways shall be avoided.

1.05 BAY WIDTH, BAY DEPTH, AND COLUMN SPACING REQUIREMENTS (WAREHOUSE) (MAY 2014)

The following minimum requirements apply to this Lease:

~~Bay Width: XX' XX" (the distance from one side of the bay to the other side of the bay in linear feet and inches)~~

~~Bay Depth: XX' XX" (the distance from the front of the bay to the back of the bay in linear feet and inches)~~

Column Spacing: Columns shall be 30' 0" linear feet apart from the center of each column.

1.06 RENT AND OTHER CONSIDERATION (MAY 2014)

- A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM
	ANNUAL RENT
SHELL RENT ¹	\$ 807,504.56
TENANT IMPROVEMENTS RENT ²	\$ 115,085.01
OPERATING COSTS ³	\$ 303,087.62
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) ⁴	\$ 450.00
PARKING ⁵	\$ 0.00
TOTAL ANNUAL RENT ⁶	\$ 1,226,127.19

¹Shell rent calculation (Firm Term): approximately \$11.1366 per RSF multiplied by 72,509 RSF

²The Tenant Improvement Allowance of \$1,150,850.07 (approximately \$1.5872 per RSF) is amortized at a rate of zero (0) percent per annum over ten (10) years.

³Operating Costs rent calculation: \$4.18 per RSF multiplied by 72,509 RSF. (Operating Costs are defined elsewhere herein).

⁴The Building Specific Amortized Capital (BSAC) of \$4,500.00 is amortized at a rate of zero (0) percent per annum over ten (10) years.

⁵Parking costs described under sub-paragraph G below.

⁶The Government shall be entitled to a rent abatement of the shell rent for the first two (2) full months of the firm term of the lease.

⁷Rent Commencement shall follow the terms established under Section 4.12.

In instances where the Lessor amortizes either the TIA or Building Specific Amortized Capital (BSAC) for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs, beyond the Firm Term.

- C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

- D. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

- E. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the "Payment By Electronic Funds Transfer—Central Contractor Registration" paragraph in Section 6 "Additional Terms and Conditions" hereinafter. Rent shall be payable to the Payee designated in the Lessor's System for Acquisition Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.

- F. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described herein in the paragraph entitled "The Premises."

2. All costs, expenses, and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;
3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

G. 51 surface parking spaces shall be included in the annual rent at no additional cost to the Government.

1.07 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. JONES LANG LASALLE AMERICAS, INC. (Broker) is the authorized real estate Broker representing GSA in connection with this Lease transaction. The total amount of the Commission is [REDACTED] and is earned upon Lease execution, payable according to the Commission Agreement signed between the two parties. Only [REDACTED] of the Commission will be payable to JONES LANG LASALLE AMERICAS, INC. 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 time possible.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully 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:

Month 3 Rental Payment \$102,177.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 3rd Month's Rent.*

Month 4 Rental Payment \$102,177.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 4th Month's Rent.*

Month 5 Rental Payment \$102,177.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 5th Month's Rent.*

Month 6 Rental Payment \$102,177.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 6th Month's Rent.*

* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration."

1.08 TERMINATION RIGHTS (AUG 2011) – INTENTIONALLY DELETED

1.09 RENEWAL RIGHTS (SEP 2013)

This Lease may be renewed at the option of the Government for a term of [REDACTED] at the following rental rate(s):

	OPTION TERM, YEARS [REDACTED]	
	ANNUAL RENT	ANNUAL RATE / RSF
SHELL RENTAL RATE	[REDACTED]	[REDACTED]
OPERATING COSTS	OPERATING COST BASIS SHALL CONTINUE FROM THE EFFECTIVE YEAR OF THE LEASE. OPTION TERM IS SUBJECT TO CONTINUING ANNUAL ADJUSTMENTS.	

Provided notice is given to the Lessor at least 180 days before the end of the original Lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in full force and effect during any renewal term.

1.10 DOCUMENTS INCORPORATED IN THE LEASE (WAREHOUSE) (MAY 2014)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN(S)	1	A
PARKING PLAN(S)	1	B
SITE PLAN(S)	1	C
SECURITY REQUIREMENTS	5	D
GSA FORM 3517B GENERAL CLAUSES	46	E
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	12	F
GSA FORM 1217, LESSOR'S ANNUAL COST STATEMENT	2	G
PRELEASE FIRE PROTECTION AND LIFE SAFETY RIDER	4	H
SMALL BUSINESS SUBCONTRACTING PLAN	11	I

1.11 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$16.11 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 0 percent.

The Government shall have one (1) year from lease commencement to utilize the entire tenant improvement allowance sum of \$1,150,850.07.

1.12 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2013)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government may elect to:

1. Reduce the TI requirements;
2. Pay lump sum for the overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph;
3. Negotiate an increase in the rent.

1.13 TENANT IMPROVEMENT FEE SCHEDULE (JUN 2012)

For pricing TI costs, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF* OR % OF TI CONSTRUCTION COSTS)	\$3.50
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	5.00%
GENERAL CONTRACTOR FEE (% OF TI CONSTRUCTION COSTS)	6.00%
GENERAL CONDITIONS FEE (% OF TI CONSTRUCTION COSTS)	5.00%

*Architect/Engineer fees determined on a \$ per ABOA SF basis shall be calculated from the ABOA SF of the space to be improved upon, or otherwise altered, only.

1.14 BUILDING-SPECIFIC AMORTIZED CAPITAL (SEP 2012) – INTENTIONALLY DELETED

1.15 BUILDING-SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2013) – INTENTIONALLY DELETED

1.16 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT (JUN 2012)

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is 100 percent. The Percentage of Occupancy is derived by dividing the total Government Space of 72,509 RSF by the total Building space of 72,509 RSF.

1.17 REAL ESTATE TAX BASE (SEP 2013) – INTENTIONALLY DELETED

1.18 OPERATING COST BASE (SEP 2013)

The parties agree, for the purpose of applying the paragraph titled "Operating Costs Adjustment," that the Lessor's base rate for operating costs shall be \$4.18 per RSF (\$303,087.62/annum).

1.19 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (SEP 2013)

In accordance with the paragraph entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the entire or any portion of the Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.50 per ABOA SF of Space vacated by the Government.

1.20 HOURLY OVERTIME HVAC RATES (AUG 2011)

The following rates shall apply in the application of the paragraph titled "Overtime HVAC Usage":

- ~~\$X.XX~~ per hour per zone
- ~~No. of zones: X~~
- \$ 35.00 per hour for the entire Office Space.

1.21 ~~24-HOUR HVAC REQUIREMENT (SEP 2014) – INTENTIONALLY DELETED~~

1.22 BUILDING IMPROVEMENTS (SEP 2012)

The Lessor shall complete the following Building Improvements in conjunction and coordination with the duration schedule outlined in Paragraph 4.01, Schedule for Completion of Space (Warehouse) and with the Tenant Improvements; notwithstanding the items listed below in this Section, the Premises is accepted in its 'as-existing' condition. The Lessor shall maintain the premises and appurtenant areas in good working order throughout the term of this lease:

- A. Replace Office Space Flooring – Lessor will replace the carpet in the office, reception, common areas and mail processing area, but nowhere in the warehouse space of the Building;
- B. Bathroom Upgrade – the bathrooms will be upgraded to include new or overhauled partitions, fixtures, floor tiles, counter tops, sinks, paper towel dispensers, and toilet paper dispensers; further, the walls will be patched and repainted; at the Government's expense, one gender-neutral bathroom shall also be designed and built-out as part of the tenant improvements;
- C. Roof inspection / upgrade – the roof will continue to be inspected annually, maintained regularly and when/if issues arise from leaking the Lessor will repair the roof to ensure Lessor obligations under this Lease are adhered to;
- D. Lessor will comply with Section 6.26 of this Lease, Occupant Emergency Plans; if the Government requires an emergency power off (EPO) button and door gasketing, one can be installed by the Lessor at the Government's expense;
- E. Fire alarm upgrades – if the current system is not code compliant, Lessor will correct any items of non-compliance;
- F. HVAC – Lessor will ensure the HVAC system will be balanced and adjusted to commercial heating and cooling standards throughout the office area.
- G. Dock levelers shall be inspected and maintained for proper operations.
- H. Energy Independence and Security Act – Lessor shall provide the following energy efficiency and conservation improvements:
 - Motion sensors for restrooms, warehouse area, and the following offices: 102, 103, 104, 106, 107, 110, 112, 114R, 115, 116, and 120;
 - Low flush, efficient toilets for restrooms;
 - Upgraded lighting for building exterior lighting fixtures;
 - Upgraded lighting for the warehouse space's office area.

1.23 HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAY 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.