

LEASE NO. GS-07B-17059

Succeeding/Superseding Lease
GSA FORM L202 (September 2011)

This Lease is made and entered into between

R&D REAL ESTATE HOLDINGS, LTD.

("the Lessor"), whose principal place of business is 2390 Memorial Blvd., Kerrville, TX 78028-5615, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

("the 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:

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

1060 Guadalupe Street, Kerrville, TX 78028

and more fully described in Section 1 and **Exhibit F**, together with rights to the use of parking and other areas as set forth herein.

10 years, 5 years firm

To Have and To Hold the said Premises with their appurtenances for the term beginning on the date of Government Acceptance of Space,

subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by GSA.

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:

[Redacted Signature]

President

Name: *Tony Roberts, President*

Title: *President*

Date: *11-19-12*

[Redacted Signature]

CO

Date: *11-27-2012*

WITNESSED BY:

[Redacted Signature]

Name: *Tricia Byrom*

Title: *Facility mgr.*

Date: *11-19-12*

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (SUCCEEDING) (SEPT 2011)

Unless otherwise noted, the Government accepts the leased premises and tenant improvements in their current existing condition, with the following exceptions further outlined more thoroughly in this lease. These exceptions include, but are not limited to, security improvements, Fire Protection and Life Safety requirements, ABAAS compliance, as well as compliance with all local codes and ordinances. The Lessor shall be responsible for continuing obligations for cleaning, janitorial, maintenance, repair, etc. as set forth in the lease paragraphs and attached General Clauses.

The Premises are described as follows:

Office and Related Space: 7,580 rentable square feet (RSF), yielding 6,591 ANSI/BOMA Office Area (ABOA) square feet of office and related space based upon a Common Area Factor of 15%, located on the 1st floor(s), of the Building, as depicted on the floor plan(s) attached hereto as **Exhibit F**.

1.02 EXPRESS APPURTENANT RIGHTS (SEPT 2011)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Government Rules and Regulations within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

A. Parking: 40 parking spaces as depicted on the plan attached hereto as **Exhibit G** of which 0 shall be structured inside spaces reserved for the exclusive use of the Government, 0 shall be inside parking spaces, and 40 shall be surface parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

1.03 RENT AND OTHER CONSIDERATION (SUCCEEDING) (SEPT 2011)

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

	Years 1-5	Years 6-10
	Annual Rent	Annual Rent
Shell Rent	\$120,980.00	\$145,232.00
Tenant Improvements rent ¹	\$57,205.19	\$00.00
Operating Costs	\$38,200.00	\$38,200.00
Total Annual Rent	\$216,385.19	\$183,432.00

¹The Tenant Improvements of \$252,611.94 are amortized at a rate of 5 percent per annum over 5 years.

²Rates may be rounded.

B. 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.

C. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration.

D. 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 in "Paragraph 1.01 The Premises" created herein;
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
4. 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.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (SEPT 2011)

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 practicable.

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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 1 Rental Payment \$ minus prorated Commission Credit ~~██████████~~ Adjusted 1st Month's Rent.

Month 2 Rental Payment \$ minus prorated Commission Credit of ~~██████████~~ Adjusted 2nd Month's Rent.

1.05 TERMINATION RIGHTS (SUCCEEDING) (SEP 2011)

The Government may terminate this Lease, in whole or in parts, at any time effective on or after the fifth (5th) year of this lease by providing not less than 90 days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

1.06 RENEWAL RIGHTS (SEPT 2011) PARAGRAPH 1.06 INTENTIONALLY OMITTED.

1.07 DOCUMENTS INCORPORATED BY REFERENCE (SEPT 2011)

The following documents are incorporated by reference, as though fully set forth herein:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
Agency Special Requirements dated 8/2011	65	A
GSA Form 3517B, General Clauses	33	B
GSA Form 3518 Representations and Certifications	7	C
Floor Plan	1	D
Additional Security Requirements	2	E
Site Plan	1	F
Legal Description of Property	1	G

1.08 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SUCCEEDING) (SEPT 2011)

The Government shall have the right to make lump sum payments for any or all work covered by the Tenant Improvement (TI) scope. That portion of the rental payments attributable to amortization of the TIs shall be reduced accordingly. At any time after occupancy and during the firm term of the Lease, the Government, at its sole discretion, may choose to pay lump sum for any part or all of the remaining principal balance of the TIs. If the Government elects to make a lump sum payment for the TIs after occupancy, the payment by the Government will result in a decrease in the rent according to the amortization rate over the remaining firm term of the Lease.

1.09 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE (SEPT 2011)

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the Real Estate Tax Adjustment clause of this lease is 100 percent. The percentage of occupancy is derived by dividing the total Government space of 7,580 RSF by the total building space of 7,580 rentable square feet.

The Real Estate Tax Base, as defined in the Real Estate Tax Adjustment clause of the Lease is \$1.96.

1.10 OPERATING COST BASE (SEPT 2011)

The parties agree that for the purpose of applying the clause titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$5.04 per rentable sq. ft. (\$38,200.00/annum).

1.11 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (SEPT 2011)

In accordance with the section entitled "Adjustment for Vacant Premises" if the Government fails to occupy or vacates the entire or any portion of the Leased 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 \$00.00 per ABOA sq. ft. of space vacated by the Government.

1.12 HOURLY OVERTIME HVAC RATES (SEPT 2011)

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

\$00.00 per hour for the entire space.

1.13 24-HOUR HVAC REQUIREMENT (APR 2011)

The Hourly Overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at an

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annual rate of \$00.00 per ABOA sq. ft. of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants at no additional charge

1.14 ADDITIONAL BUILDING IMPROVEMENTS (SEPT 2011)

In addition to construction of the Tenant Improvements as required in this Lease, the Lessor shall be required to complete the following additional building improvements (e.g., Fire Protection and Life Safety, Seismic, and Energy Efficiency) prior to acceptance of the Space:

- A. _____
- B. _____
- C. _____