

This Lease is made and entered into between

IIT Sumner DC LLC, a Delaware limited liability company

(Lessor), whose principal place of business is **518 Seventeenth Street, Suite 1700, Denver, CO 80202,**

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

3700 150th Avenue Ct E, Sumner, WA 98390

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 as follow:

Lease Effective Date: December 1, 2013. Lessor shall allow the Government to occupy the space beginning on this date for pre-commencement activities at no cost to the Government.

Lease Commencement Date: February 1, 2014, rent shall commence for the lease term and acceptance of the Premises (known as Beneficial Occupancy) as required by this Lease and continuing for a total period of:

10 Years firm with a one-time termination right after the 5th year,

subject to termination and renewal rights as may be hereinafter set forth. Changes to the commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment.

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: IIT Sumner DC LLC, a Delaware limited liability company

- By: IIT NAIF Intermediate Holdco II LP, a Delaware limited partnership, its sole member
- By: IIT NAIF Intermediate Holdco GP II LLC, a Delaware limited liability company, its general partner
- By: IIT North American Industrial Fund I Limited Partnership, a Delaware limited partnership, its sole member
- By: IIT North American Industrial Fund I GP LLC, a Delaware limited liability company, its general partner
- By: IIT Real Estate Holdco LLC, a Delaware limited liability company, its sole member
- By: Industrial Income Operating Partnership LP, a Delaware limited partnership, its sole member
- By: Industrial Income Fund Inc., a Maryland corporation, its general partner

By: _____

Name: J.K. Wetzel
Managing Director, Western Region

Title: _____

Date: 11-26-13



Title: Operations Coordinator

Date: 11-26-13

FOR THE GOVERNMENT:



Name: JAMES A. COPPELT

Title: **Lease Contracting Officer**

General Services Administration,
Public Buildings Service

Date: 12/5/2013

SEE CALIFORNIA
ACKNOWLEDGMENT
ATTACHED
INTL: [Signature] DATE: 11/26/13

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.

LESSOR: [Signature] GOVERNMENT: [Signature]

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

A. Warehouse and Related Space: 381,792 rsf/usf warehouse incorporating approximately 15,071 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the 1st floor and known as Suite 100 of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

B. Common Area Factor: The Common Area Factor (CAF) is established as 0%. This factor, which represents the conversion from usable square feet to rentable square feet shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (JUN 2012)

The Government shall have the non-exclusive 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. Parking: 265 vehicle parking spaces and 90 spaces for 53-foot trailers and adjacent wareyard area as depicted on the plan attached hereto as Exhibits A and B, reserved for the exclusive use of the Government, which shall be surface/outside 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.

B. Docking: 81 dock spaces as depicted on the plan attached hereto as Exhibit B, reserved for the exclusive use of the Government, of which 3 are drive-in (grade level).

C. Loading docks: See "LOADING DOCKS SHELL WAREHOUSE" paragraph in Section 3.51 of this Lease.

D. Antennas, Satellite Dishes, and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all Building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (SEP 2012)

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

	FIRM TERM: FEB. 1, 2014 – JAN 31, 2019	NON FIRM TERM: FEB 1, 2019 – JAN 31, 2024
	ANNUAL RENT	ANNUAL RENT
SHELL RENT ¹	\$1,878,416.64	\$2,151,300.51
RESERVE FOR MAINTENANCE AND REPAIRS ²	\$22,907.52	\$22,907.52
TENANT IMPROVEMENTS RENT ³	\$ 371,011.34	\$371,011.34
OPERATING COSTS ⁴	\$ 426,385.31	\$ 426,385.31
REAL ESTATE TAXES AND INSURANCE ⁵	\$ 244,723.20	\$ 244,723.20
TOTAL ANNUAL RENT⁶	\$2,943,444.01	\$3,216,327.88

¹ Exclusive of property taxes, capital maintenance and repairs, and building insurance. Shell rent shall be subject to 2.75% annual step increases each year during the firm and non-firm term. In consideration of the shell rent, lessor grants the Government a concession of \$400,000 toward construction of the tenant improvements.

² Lessor to hold and accumulate for necessary capital maintenance, replacement and repairs. Application of this reserve is subject to Government review which shall not be unreasonably withheld or delayed, and expenditures in excess of reserve amounts, if any, will be paid by the Government in a lump sum on presentation of a bill. Unexpended reserves, if any, will be rebated to the Government prior to lease termination in the form of equal monthly rent credits.

³ The Tenant Improvement Allowance of \$8,1795 per rsf/usf (less the \$400,000 Lessor concession for construction of TIs) is amortized at a rate of 6.5 percent per annum over 10 years.

⁴ Operating Costs are subject to annual adjustment as described elsewhere in the Lease.

⁵ Real estate taxes are established at \$0.60/RSF. Real estate taxes and insurance are subject to annual adjustment as described elsewhere in the lease.

⁶ A total of \$469,604.16 of rent shall be abated, distributed as monthly abatements of \$156,534.72 taken in each of the first three months of occupancy.

In instances where the Lessor amortizes the TI allowance 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 be liable for repayment of the unamortized balance of the actual TI allowance expended plus repayment of one month of rental abatement (i.e., \$155,534.72) as described above.

B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed **381,792** rsf/usf based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

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 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 (CCR). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.

F. 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 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.

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 Leased 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. The Government shall be responsible for paying its proportionate share of needed capital replacements/repairs. The Lessor shall provide and install as part of shell rent, separate meters for utilities. Sub-meters are not acceptable. The Lessor shall furnish in writing to the LCO, prior to occupancy by the Government, a record of the meter numbers and verification that the meters measure Government usage only. Proration is not permissible. In addition, an automatic control system shall be provided to assure compliance with heating and air conditioning requirements.

G. Surface parking shall be provided at no cost, as part of the rental consideration.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

The government has no broker

1.05 TERMINATION RIGHTS (AUG 2011)

The Government may terminate this Lease, in whole or in part, one time at the end of five years, two months (i.e., January 31, 2019), by providing not less than **270** 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.

If the lease is terminated, the pro-rata balance of the unamortized portion of the tenant improvements and of one month's shell rent abatement (i.e. \$156,534.72) will be paid to the lessor in a lump sum.

1.06 INTENTIONALLY DELETED

1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2012)

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

DOCUMENT NAME	No. OF PAGES	EXHIBIT
FLOOR PLAN	1	A
PARKING AND TRUCK DOCK PLAN	1	B
SECURITY REQUIREMENTS FOR LEVEL 3	11	C
GSA FORM 3517B GENERAL CLAUSES	47	D
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	10	E
SEISMIC FORM A	1	F
PROJECT SCHEDULE	2	G

1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is **\$8.17950** per rsf/usf. The Lessor is providing a TI concession of \$400,000.00 in consideration of the shell rent. The total TIA of \$3,122,867.66 is the amount that the Lessor shall make available for the Government to be used for TIs. The net amount of \$2,722,867.66, if fully expended, will be amortized in the rent over the 10-year term of this Lease at an annual interest rate of **6.5** percent.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2011)

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 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 shall have the right to either:
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.

The Government may not increase the Allowance identified in Paragraph 1.08 by more than 20 percent.

1.10 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	\$80,000.00
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	3%

1.11 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 **86.53** percent. The Percentage of Occupancy is derived by dividing the total Government Space of **381,792** RSF by the total Building space of **441,250** RSF.

1.12 REAL ESTATE TAX BASE (JUN 2012)

The Real Estate Tax Base, as defined in the "Real Estate Tax Adjustment" paragraph of the Lease is **\$229,075.20**.

1.13 OPERATING COST BASE (AUG 2011)

The parties agree that for the purpose of applying the paragraph titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be **\$426,385.31/annum**.

The operating costs are a pass-through. The Lessor is required to submit to GSA the prior year actual operating costs annually. The difference between the base and actual will be reimbursed via lump sum. By way of providing an example, if the base operating expense for some lease year is \$100,000 and the actual expenses are determined to have been \$125,000 Government shall reimburse the Lessor \$25,000. Alternatively, if base expenses are \$100,000 while actual operating expenses are determined to have been \$75,000, Lessor shall reimburse the Government the \$25,000 difference. The Lessor and the government may reset to actual at the request of either party.

1.14 RINTENTIONALLY DELETED

1.15 HOURLY OVERTIME HVAC RATES (AUG 2011)

There are no overtime HVAC rates

1.16 24-HOUR HVAC REQUIREMENT (APR 2011)

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

1.17 **BUILDING IMPROVEMENTS (SEPT 2012)**

Before the Government accepts the space, the Lessor shall complete the following additional building improvements:

- A. Secure the Government's portion of the site using fencing or other methods acceptable to the LCO;
- B. design and build the Government's telecommunications rooms, including electrical installation;
- C. Provide and install permanent locking hardware on all exterior door entering into the Government's portion of the leased premises.

1.18 **INTENTIONALLY DELETED**