

# U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE: 12/29/10

LEASE No. GS-09B-02541

THIS LEASE, made and entered into this date between PH FBI SD, LLC.

whose address is: 100 City Parkway  
Suite 1700  
Las Vegas, NV 89106

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:

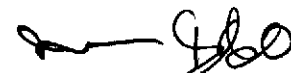
1. The Lessor hereby leases to the Government the following described premises:  
248,882 rentable square feet (r.s.f.), yielding approximately 237,486 ANSI/BOMA Office Area square feet and related space located at the 19000 Block of Vista Sorrento Parkway, San Diego, CA 92121, together with 557 onsite parking spaces (480 on-site, inside secured parking spaces and 77 on-site visitor parking spaces), as depicted on the attached Exhibit A (the "Site Plan"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION, in accordance with the Lease.
2. PARAGRAPH 2 IS INTENTIONALLY OMITTED.
3. The Government shall pay the Lessor annual rent of \$11,169,824.16 at the rate of \$930,818.66 per month in arrears. The cost for parking is included in the annual rental rate. Rent will not be paid for delivery of any space in excess of 248,882 rentable square feet. Rent for a lesser period shall be prorated and breaks down as follows:

Rent Breakdown (Years 1 - 20)	Per RSF	Per ANSI/BOMA SF	Annual Rent	Monthly Rent
Shell Rent	\$30.76	\$32.24	\$7,655,610.32	\$637,967.52
Operating Cost	\$9.74	\$10.21	\$2,424,110.68	\$202,009.22
Amortization of TI	\$3.46	\$3.64	\$861,131.72	\$71,760.97
Amortization of Building-Specific Security	\$0.92	\$0.96	\$228,971.44	\$19,090.95
Full Service Rent	\$44.88	\$47.05	\$11,169,824.16	\$930,818.68

Rent checks shall be payable to:

PH FBI SD, LLC  
100 City Parkway  
Suite 1700  
Las Vegas, NV 89106

4. PARAGRAPH 4 IS INTENTIONALLY OMITTED.
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. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. GS-09B-02541 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.

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 exhibits:

- A. Site Plan, "Exhibit A," (page 1);
- B. The Solicitation For Offers Number LAZ02196 Phase 1 (page 1-60);
- C. The Solicitation For Offers Number LAZ02196 Phase 2 (page 1-78);
- D. Amendment Number 1 (page 1-3);
- E. Amendment Number 2 (page 1-3);
- F. Agency Program of Requirements (POR) (pages 1-144); **\* SENSITIVE BUT UNCLASSIFIED: NOT RELEASABLE**
- G. Room Data Matrix (pages 1-9) **\* SENSITIVE BUT UNCLASSIFIED: NOT RELEASABLE**
- H. GSA Form 3517 (pages 1-33);
- I. GSA Form 3518 (pages 1-7); **\*CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION: NOT RELEASABLE.**
- J. Unit Price Matrix (pages 1-4);
- K. Security Unit Price List (page 1-2);
- L. Davis Bacon Wages; Current Schedule (page 1-24);
- M. Amenities (page 1-4); **\*CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION: NOT RELEASABLE.**
- N. Best and Final Offer Submittal 1 Office Building Concept (page A4-A71); **\*CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION: NOT RELEASABLE.**
- O. Best and Final Offer Submittal 1 Office Building Site layout (page B5- B17); **\*CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION: NOT RELEASABLE.**
- P. Best and Final Offer submittal 1 MEP System (page C1-23); **\*CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION: NOT RELEASABLE.**

8. The following changes were made in this lease prior to its execution:



Paragraphs 2, 4 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 31 have been added.

LEASOR: \_\_\_\_\_  
 BY: \_\_\_\_\_  
 (Signature) (Signature)



IN PRESENCE OF:  
 \_\_\_\_\_  
 (Signature) (Address)

ADMINISTRATION, Public Buildings Service:  
 \_\_\_\_\_  
 DEBORAH D. ORKOWSKI DATE  
 CONTRACTING OFFICER, GSA 12/29/10

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following twenty (20) year term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.
10. All rentable space will be located in a single-tenant, standalone facility. The Government will have exclusive use of the site and buildings. The Office Building and Annex will be surrounded by a perimeter vehicle barrier that is inside the property line and is a minimum of 100 feet, 0 inches from the nearest façade of the Office Building or Annex.
11. The Lessor will provide 25% contiguous expansion space upon the government's request.
12. The new facility will be located at Sorrento View Technology Center, 19000 Block of Vista Sorrento Parkway, in San Diego, CA.
13. The Lessor will provide direct controlled pedestrian access into the building from the street/sidewalk. The Lessor will provide one Visitor Screening Facility (VSF) at the site entrance.
14. The Daily Delay rate for compensation of the Lessor for Government caused delays in accordance with paragraph 3.3 D.13 of the SFO is established as Three Thousand dollars (\$3,000.00) per day for delays occurring prior to commencement of construction and Seven Thousand Five Hundred dollars (\$7,500.00) for delays after commencement of construction. The parties have agreed that the same rates shall apply for the purpose of compensating the Government for delays that the Lessor is responsible for under this Lease. Recovery of such sums shall be the only monetary compensation for delay; provided however, that this provision shall not limit the Governments entitlement to compensation in the event that this Lease is terminated pursuant to the Default in Delivery provision of this Lease.
15. The Lessor shall provide four separate buildings: a 6-story Main Office Building (200,723 net usable square feet), The Annex (35,515 net usable square feet), The Pedestrian Screening Facility (1,248 net usable square feet) and a Parking Structure.
16. Any requested change order after award will have the Lessor's administrative mark up for General Conditions, including but not limited to the General Contractor's fee, Architectural/Engineering fees and Lessor's Project Management fee, which will total 11.5%. In no event will this mark up fee exceed 11.5% of the Total Subcontractor's Costs for the change (design costs associated with a change order shall be designated as a Subcontractor Cost allowable under the Total Subcontractor's Costs). In no event will this mark up fee exceed 11.5%, distributed as follows: General Conditions (3.0%); General Contractor's Fee (3.5%); Architectural/engineering Fees (5.0%) and Lessor's Project Management Fee (0.0%).
17. The Lessor will provide one full-time, on-site, Operations Manager and a full-time off-site Property Manager. The Operations Manager will be housed in the main office building, at a room location to be determined as design progresses. Said Managers will be present during normal working hours and will be accessible 24 hours a day, 7 days a week.

Initials:  &   
Lessor Government

18. The Lessor will provide, at no additional cost to the Government, additional amenities exceeding the requirements and as outlined on Exhibit M attached hereto.
19. **TAX ADJUSTMENT:** Pursuant to Paragraph 4.4, "Tax Adjustment," for purposes of tax escalation, the Government occupies 248,882 rentable square feet (100% occupancy). California Tax Clause (SFO Paragraph 4.4) applies to this Lease.
20. **OPERATING COST:** Pursuant to Paragraph 4.6, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$9.74 per rentable square foot per annum.
21. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.13, "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 \$4.00 per rentable square foot per annum for operating expenses.
22. **OVERTIME USAGE:** Pursuant to Paragraph 8.4, "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 (7:00 a.m. – 6:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$2.50 per hour, per zone, per floor. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. Any overtime usage must be approved in advance by the Government. For the hours of Over Time approved and used the Lessor must submit a proper invoice quarterly to GSA Building Management Technician, 880 Front Street, Suite 4236, San Diego, CA 92101-8897, to receive payment.
23. **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. (12,212 s.f. maximum as calculated from the Room Data Matrix and POR). The charges for heating and cooling of this maximum area shall be provided at the rate of \$0.00 per hour after "Normal Hours" for those rooms identified in the Room Data Matrix as outlined on Exhibit H attached hereto. Any additional 24 hours per day space exceeding this maximum shall be a change order that may incur additional operating expenses.
24. **CONSTRUCTION SCHEDULE:**
  - A. Within 30 days after award of the Lease Agreement, the Lessor shall submit to the Contracting Officer a tentative construction schedule. Within 60 days after award of the Lease, the finalized schedule shall be submitted to the Contracting Officer. This schedule shall be utilized for purposes of computing any delay.
  - B. The Lessor shall complete all Tenant Improvements in accordance with 1) the Government reviewed working/construction drawings and 2) all terms and conditions of the SFO and POR.
  - C. 30 working days prior to the completion of the interior construction, the Lessor shall issue written notice to the Government to inspect the space. The Government shall have 30 working days from the date of this notice to inspect and to either accept or reject the space.
  - D. The entire Office Building, Annex and Parking Structure must be completed and ready for occupancy by April 1, 2013. The actual move-in will take place on a phase occupancy basis, between April 2013 and May 1, 2013. However, rent on the entire leased premises will be paid upon GSA's acceptance of space.

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25. **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.**
26. 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".
27. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this Lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.
28. Pursuant to Paragraph 4.2, "Unit Costs for Adjustments", the negotiated amounts specified in Exhibit J and K, may be used, during the first year of the Lease to price alterations costing \$100,000 or less. These prices may be indexed or renegotiated to apply to subsequent years of the Lease upon mutual agreement of the Lessor and the Government.
29. The Offeror will obtain "Fee Simple Interest" of the site within 180 days of award, and maintain that interest for no less than one year.
30. The maximum allowable rentable space for this project is 248,882 rsf. Adjustments in actual rentable space provided beyond 248,882 rsf will not be made as previously approved by Congress.
31. All requirements as outlined in the SFO, Room Data Matrix and POR are included in the rental rate.

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Lessor Government