

This Lease is made and entered into between

Lessor's Name **Reddy Properties Inc.**

("the Lessor"), whose principal place of business is 110 S Tranquil Path, Spring TX 77380-2760 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

Rayford Business Park, 312 Spring Hill, Suite 400, Spring, TX 77386-3712

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

LEASE TERM

To Have and To Hold the said Premises with their appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

10 Years, 5 Years Firm,

subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by GSA. The commencement date of this Lease, along with any applicable termination and renewal rights, shall more specifically be 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:

FOR THE GOVERNMENT:

Name: 


David Garrison, LCO

Title: PRESIDENT

Date: 6/24/2013

Date: 12/05/2012

WITNESS: 

Name: RENUKA PAKANATI
Title: Vice President
Date: 12/5/12

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (AUG 2011)

The Premises are described as follows:

Office and Related Space: 10,800 rentable square feet (RSF), yielding 2,800 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and 8,000 ANSI/BOMA square feet (SF) of warehouse space based upon a common area factor of 100 percent, located on the first floor(s), of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

1.02 EXPRESS APPURTENANT RIGHTS (AUG 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: 5 reserved, parking spaces secured with fencing as depicted on the plan attached hereto as Exhibit B of which 0 spaces shall be required to be structured inside spaces reserved for the exclusive use of the Government, and additional spaces to meet local code 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. Fenced parking area shall include additional space for two storage containers which may be utilized to store oil, fuel, and other chemicals.

B. 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 (AUG 2011)

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

	FIRM TERM		NON FIRM TERM	
	ANNUAL RENT ⁽³⁾	ANNUAL RATE/RSF ⁽³⁾	ANNUAL RENT ⁽³⁾	ANNUAL RATE/RSF ⁽³⁾
SHELL RENT	\$ 100,440.00	\$9.30	\$100,440.00	\$9.30
TENANT IMPROVEMENTS RENT ¹	\$ 30,769.16	\$2.85 ⁽¹⁾	\$ 00.00	\$00.00
OPERATING COSTS	\$ 45,576.00	\$4.22	\$ 45,576.00	\$4.22
BUILDING SPECIFIC SECURITY ²	\$ 1,283.12	\$0.12 ⁽²⁾	\$ 00.00	\$00.00
TOTAL ANNUAL RENT	\$178,068.28	\$16.49	\$ 146,016.00	\$13.52

¹The Tenant Improvement Allowance is amortized at a rate of 7.0 percent per annum over 5 years.

²Building Specific Security Costs are amortized at a rate of 7.0 percent per annum over 5 years.

³Rates may be rounded.

B. Rent is subject to adjustment based upon a physical mutual measurement of the Space upon acceptance, not to exceed 10,800 ABOA SF 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 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.

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 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 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. Parking shall be provided as part of this lease.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (AUG 2011)

A. AmeriVet Real Estate Services Inc. ("Broker") together with Mary Maxey Commercial Real Estate (as State Licensed Co-Broker), as small business partner for CBRE Inc. under the GSA National Broker Contract, 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 AmeriVet Real Estate Services 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.

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 \$14,839.02 minus prorated commission credit of [REDACTED] equals [REDACTED] adjusted 1st Month's Rent.

Month 2 Rental Payment \$14,839.02 minus prorated commission credit of [REDACTED] equals [REDACTED] adjusted 2nd Month's Rent.

1.05 TERMINATION RIGHTS (AUG 2011)

The Government may terminate this Lease, in whole or in part, at any time, effective after the firm term 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 (AUG 2011)

INTENTIONALLY DELETED

1.07 DOCUMENTS INCORPORATED BY REFERENCE (SEPT 2011)

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

Document Name	Exhibit
Floor Plan(s) of Offered Space	A
Parking Plan(s) / Site Plan	B
Legal Description of Premises Building	C
Agency Specific Requirements	D
Security Requirements	E
GSA Form 3517B General Clauses	F
GSA Form 3518, Representations and Certifications	G

1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$11.99 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for the TIs. This amount is amortized in the rent over the firm term of this Lease at an annual interest rate of 7.00 percent (7.0%).

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 TI Allowance. 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 shall have the right 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 choose to pay lump sum for any part or all of the remaining unamortized 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 lease paragraph entitled "Acceptance of Space and Certificate of Occupancy;" or
 3. Negotiate an increase in the rent.

1.10 TENANT IMPROVEMENT FEE SCHEDULE (AUG 2011)

For pricing TI Costs as defined herein, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF OR % OF CONSTRUCTION COSTS)	\$2.50/SF ABOA
LESSOR'S PROJECT MANAGEMENT FEE (% OF CONSTRUCTION COSTS)	5%

1.11 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE (AUG 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 40.00 percent. The percentage of occupancy is derived by dividing the total Government space of 10,800 RSF by the total building space of 27,000 RSF.

1.12 OPERATING COST BASE (AUG 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 \$4.22 per rentable sq. ft (\$45,576.00/annum).

1.13 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (AUG 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 \$2.00 per ABOA SF of space vacated by the Government.

1.14 HOURLY OVERTIME HVAC RATES (AUG 2011)

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

- \$ 18.00 per hour for the entire space.

1.15 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 a rate of \$0.00 (NO CHARGE) per Kwh. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the building at no additional cost.

1.16 ADDITIONAL BUILDING IMPROVEMENTS (AUG 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. As required to meet GSA requirements and local code requirements