

US GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

OCT -8 2009

LEASE NO.

GS-10B-07094

BUILDING NO.

WA7981

THIS LEASE, made and entered into this date by and between NEWPORT SHORES VISTA, LLC

Whose address is 12010 SE 32nd ST STE A
BELLEVUE, WA 98005-4121

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:

A total of 8,874 rentable square feet (RSF) of office (3,845 RSF) and warehouse (5,029 RSF) space, which yields 8,788 ANSI/BOMA Office Area square feet (USF) of office (3,808 USF) and warehouse (4,980 USF) of space on floors 1 and 2 at Newport Shores Vista, 12010 SE 32nd Street, Suite B, Bellevue, WA 98005, to be used for such purposes as determined by the General Services Administration. Included in the rent at no additional cost to the Government are eight (8) parking spaces for exclusive use of Government employees and patrons.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on January 1, 2010 and continuing through December 31, 2024, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$300,604.67 at the rate of \$25,050.39 per month in arrears for years 1 - 10. For months 1 - 4, monthly rent shall be reduced by the amount of commission credit agreed to in this lease and shall be paid based upon the adjusted schedule stated in paragraph 16 herein. For months 4 - 120, rent shall be structured as follows:

<u>Rent Breakdown (Yrs 1 - 10)</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Shell Rent	\$180,319.68	\$15,026.64 ^f
Operating Cost	\$50,493.06	\$4,207.76
Amortization of TIs	\$69,791.93	\$5,815.99
Full Service Rent	\$300,604.67	\$25,050.39

Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

Newport Shores Vista, LLC
P.O. Box 3767
Bellevue, WA 98009-3767

4. The Government may terminate this lease in whole or in part at any time on or after expiration of the firm term by giving at least 120 days' notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

[Redacted Signature Area]

UNITED STATES OF AMERICA
BY: [Redacted Signature]

Managing Member

(Title)

Contracting Officer, General Services Administration
(Official Title)

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:
Shell Rate of \$25.68/RSF for option years 11 – 15

provided notice be given in writing to the Lessor at least 120 days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:
- A. Those facilities, services, supplies, utilities, and maintenance in accordance with SFO 8WA2026 dated December 19, 2008, as amended.
 - B. Build out in accordance with standards set forth in SFO 6WA0144 dated June 12, 2009, as amended, and the Government's design intent drawings. Government space plans shall be developed subsequent to award. All tenant alterations to be completed by the lease effective date identified under paragraph 2 above. Lease term to be effective on date of occupancy, if different from the date identified in paragraph 2. The Lessor hereby waives restoration.
 - C. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

7. The following are attached and made a part hereof:
- A. Solicitation for Offers 6WA0144 dated June 12, 2009
 - B. Special Requirements undated, 7 pages
 - C. Amendment 1 dated June 18, 2009, Amendment 2 dated July 2, 2009, Amendment 3 dated July 23, 2009 and Amendment 4 dated September 4, 2009
 - D. GSA Form 3517B entitled GENERAL CLAUSES (Rev. [11/05])
 - E. GSA Form 3518 entitled REPRESENTATIONS AND CERTIFICATIONS (Rev. [1/07])
 - F. The following are incorporated in full into the Lease by reference:
 - 1) [REDACTED] - Requirements and Specifications for Special Purpose and Support Space Manual Volume One Architectural and Engineering (May 2007); and
 - 2) [REDACTED] - Requirements and Specifications for Special Purpose and Support Space Manual Volume Two Electronic Security and Hardware (May 2007).

8. In accordance with the SFO paragraph entitled *Tenant Improvement Rental Adjustment*, Tenant Improvements in the total amount of \$440,103.04 (8,788 USF x \$50.08) shall be amortized through the rent for ten (10) years at the rate of 10%. The total annual cost of Tenant Improvements for the amortization period shall be \$69,791.93.

9. In accordance with the SFO paragraph 4.2 entitled *Tax Adjustment*, and pursuant to GSA Form 1217 Lessor's Annual Cost Statement, Base Real Estate Taxes shall be formally established at \$1.46 per RSF. Base Real Estate Taxes will be adjusted in accordance with the SFO paragraph 4.2. Tax Acct. #'s 092405-9149-00, 092405-9264-00. First year adjustment will be for 2011 in accordance with SFO paragraph 4.2.

10. In accordance with the SFO subparagraph 4.2 B.9 entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 54.109%.

11. In accordance with the SFO paragraph entitled 4.3 *Operating Costs Base*, the escalation base is established as \$5.69/RSF (\$50,493.06/annum). Base Operating Costs will be adjusted retroactively to actual costs every two years. Lessor will provide supporting documentation in a format clearly corresponding to line items 5-27 in Section I of GSA Form 1217 Lessor's Annual Cost Statement within 30 days of the anniversary of the lease. The Government will have 30 days to review the material and another 30 days to prepare a Supplemental Lease Agreement for the Lessor's signature.

12. In accordance with the SFO subparagraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.00978 (8,874 RSF/8,788 USF).

LESSOR

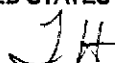
UNITED STATES OF AMERICA

BY



(Initial)

BY



(Initial)

13. In accordance with the SFO paragraph entitled 4.6 *Overtime Usage*, the rate for overtime usage is established at \$00.00 per hour for the entire building or any portion thereof. There will be no overtime charge for areas requiring 24 hour HVAC.

14. Security costs in the total amount of \$0.00 shall be amortized through the rent for 0 months at the rate of 0%.

15. Pursuant to paragraph 3 of the Lease, *Amount of Annual Rent and Rate per Month*, payable on 8,874 ANSI/BOMA Rentable area is as follows:

Rent Period ¹	Shell Rent ²	Operating Rent ³	Amortized TIs ⁴	Annual Rent	Monthly Rent
01/01/10-12/31/19	\$180,319.68	\$50,493.06	\$69,791.93	\$300,604.67	\$25,050.39
01/01/20-12/31/24	\$227,884.32	\$TBD	\$00.00	\$TBD	\$TBD

¹ Rent for the period of 01/01/10 through 04/30/10 is adjusted pursuant to paragraph 16 below.

² Shell Rent at \$20.32 per Rentable SF for years 1-10 and \$25.88 (years 11-15); these rates reflect the Base Real Estate Tax of \$1.46 per Rentable SF.

³ Base Operating Rent at \$5.69 per Rentable SF for years 1-10.

⁴ Amortized TIs calculated at \$50.08 per Usable SF @ 10% for 10 years.

16. Adjusted monthly rent payments (application of commission credit):

The commission credit shall be applied in equal monthly amounts against the shell rental payments over the minimum number of months that will not exceed the monthly shell rental per SFO subparagraph 2.3 B. The monthly rent is \$25,050.39. The monthly shell rent is [REDACTED]. The commission credit is [REDACTED] and is calculated as follows:

Years 1-10: 8,874 RSF X \$1.00 X 10 years = \$88,740.00

GSA Credit: [REDACTED]

Studley, Inc./LaBonde Land, Inc. Commission: [REDACTED]

The monthly rent adjusted for the commission credit is as follows:

Rent Period	Scheduled Monthly Rent	Scheduled Mo. Shell Rent	Commission Credit	Commission Credit Remaining	Adjusted Monthly Rent Payment
01/01/10 - 01/31/10	\$25,050.39	\$15,026.64	[REDACTED]	[REDACTED]	[REDACTED]
02/01/10 - 02/28/10	\$25,050.39	\$15,026.64	[REDACTED]	[REDACTED]	[REDACTED]
03/01/10 - 03/31/10	\$25,050.39	\$15,026.64	[REDACTED]	[REDACTED]	[REDACTED]
04/01/10 - 04/30/10	\$25,050.39	\$15,026.64	[REDACTED]	[REDACTED]	[REDACTED]
05/01/10 - 05/31/10	\$25,050.39	\$15,026.64	\$-0-	\$-0-	\$25,050.39

17. The following SFO paragraphs are hereby clarified;

- 8.6 A.1 The travel distance for employees to reach the toilets located within the space need not be within 200 feet.
- 8.9 The temperature in the warehouse space is required to be 60-65 degrees in the winter; and no air conditioning in the warehouse space is required.
- 10.20 B The Government accepts the existing fencing around the perimeter of the property as meeting this requirement.

18. The Government reserves the right to adjust the final square footage after receipt and approval of CAD drawings and final site acceptance of the premises. Any adjustments, including those for agreed upon square footage and annual rent shall be documented by Supplemental Lease Agreement.

19. All terms and conditions of this lease as expressly contained herein represent the total obligations of the Lessor and the Government. Any agreements, written oral, between the parties prior to the execution of this lease are not applicable or binding. This agreement may be amended only by written instrument executed by the Lessor and the Government.

LESSOR

UNITED STATES OF AMERICA

BY

[Signature]

(Initial)

BY

[Signature]

(Initial)