

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE **DEC 14 2009**  
**DEC 14 2009**

LEASE No. GS-11B-02164

THIS LEASE, made and entered into this date by and between 77 K Street Tower, LLC , whose address is:

c/o Brookfield Properties  
750 9<sup>th</sup> Street, NW, Suite 700  
Washington, DC 20001-4524

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 consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

A total of 166,770 BOMA rentable square feet (BRSF) equivalent to 144,065 ANSI/BOMA Office Area square feet (BOASF) of office and related space located on the 1<sup>st</sup> (partial), 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> floors, being the areas cross hatched on the floor plans attached as Exhibit A and made part hereof, as well as five (5) structured secured, reserved parking spaces for Official Government Vehicles, in the building located at 77 K Street, NE, Washington, DC 20002.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a ten (10) year firm term beginning on the commencement date determined in accordance with Paragraph 5.13 of Solicitation for Offers No. 09-023. The parties will execute a supplemental lease agreement after the commencement date to confirm the commencement and expiration dates of the lease term. The lease is subject to renewal and termination rights hereinafter set forth.
3. The Government shall pay the Lessor the annual rent of \$7,131,217.50 (\$49.50 per BOASF / \$42.76 per BRSF) at the rate of \$594,268.13 per month in arrears for years one through ten. Notwithstanding the foregoing, the rent shall be fully abated for the first twenty three (23) months of the lease term, equivalent in value to \$13,668,166.88. The annual rent shall be subject to operating expense and real estate tax adjustments during the lease term as per the attached Solicitation for Offers. Rent checks shall be made payable to: 77 K Street Tower, LLC at JP Morgan Chase, P.O. Box 5890, New York, NY 10089-5890.
4. Commission and Commission Credit – The Lessor has agreed to pay a lease commission of [REDACTED] of the firm term value of this lease, payable in accordance with SFO 09-023. The total amount of the Commission is [REDACTED]. In accordance with the "Broker Commission and Commission Credit" paragraph of the SFO, the Government's Broker (CB Richard Ellis, Inc.) shall forego [REDACTED] of the Commission ("Commission Credit"). The Commission Credit is [REDACTED]. The Lessor agrees to pay the Commission less the Commission Credit to the Broker totaling [REDACTED] in accordance with the "Broker Commission and Commission Credit" paragraph in SFO 09-023, as well as the agreement between the Lessor and the Broker dated September 18, 2009.

Notwithstanding Paragraph 3 of this Standard Form 2, the Commission Credit of [REDACTED] shall be deducted from the monthly rent due in the twenty-fourth and twenty-fifth months as follows: [REDACTED] shall be credited in the twenty-fourth month, leaving [REDACTED] as the rent due in the twenty-fourth month and [REDACTED] credited in the twenty-fifth month, leaving [REDACTED] due for the twenty-fifth month.

5. This lease may be renewed at the option of the Government for a period of ten (10) years, to be exercised at the Government's discretion. In accordance with Paragraph 1.3 of SFO No. 09-023, the Government shall exercise such option by giving Lessor written notice at least 180 days prior to the expiration date of the initial ten (10) year lease term. The Government shall pay rent in the amount of \$7,940,862.80 per annum (\$47.62. per BRSF / \$55.12 per BOASF) payable at the monthly rate of \$661,738.57 in arrears. Accumulated operating expense adjustments from the initial 10 year firm term shall be added to the Annual Rent for this renewal term. Rent shall continue to be adjusted for operating cost escalations and the Government shall continue to pay real estate tax adjustments as provided in SFO No. 09-023. Notwithstanding the forgoing, the monthly rent payable during the final ten (10) months of lease year twenty (20) shall be \$1.00 per month. All other terms and conditions of this lease shall remain the same during any renewal term.

*[Handwritten signature]*

At any time after the eighteenth (18<sup>th</sup>) year anniversary of the lease commencement date, the Government may elect to terminate the lease with no penalty, subject to 360 days prior written notice to Lessor. The Government shall timely execute a Supplemental Lease Agreement for the termination, representing full and final payment with the Lessor prior to the end of the termination of the Lease. The Government's termination Option is penalty free and shall not accrue rental obligations or liquidated damages as a result thereof on or after the effective date of such termination.

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

- A) All services, improvements, alterations, repairs, and utilities as defined by this lease.
- B) In the event Government vacates any portion of the leased premises, the rent for such space shall be adjusted downward by \$1.50 per BOASF for any amount less than one full floor and \$2.50 per BOASF for a full floor or greater following proper notice from the Government in accordance with SFO 09-023 Paragraph 4.4. The Government shall provide at least 30 days advanced written notice to the Lessor of its intent to vacate and/or reoccupy any portions of space subject to the adjustment of vacant premises. The Government's right to recapture vacant space credits beyond eighteen (18) months shall be limited to the costs for janitorial services as evidenced by Lessor's contract for janitorial service to the demised premises.
- C) The annual rent set forth in Paragraph 3 of this Standard Form 2 shall include a \$42.08 per BOASF (\$36.35 per BRSF) Tenant Improvement allowance amortized at 0.0% over the initial firm term equaling \$4.21 per BOASF (\$3.64 per BRSF) per year. The total amount of the Tenant Improvement allowance is \$6,062,255.20. The Government shall be entitled to utilize the Tenant Improvement allowance to pay for improvements performed by the Lessor at Government's expense. The Government reserves the right to convert any unused portion of this allowance to additional rental abatement and add accordingly to the amount contained in Paragraph 3.
- D) All work must be completed by the Lessor in accordance with the design and construction schedule in Section 5.13 of the SFO. The Construction Schedule described in Paragraph 5.13 of the SFO is more particularly described in the construction time-line attached hereto. The Construction Schedule shall commence within five (5) days of the Lease award. Failure on the part of the Government to provide the Lessor with the Program of Requirements within five (5) days of Lease award shall be considered a Government Delay. The Government will be allowed two (2) sets of changes to the Design Intent Drawings (DID's) before Construction Drawings (CD's) are commenced. If the Government makes changes to the CD's that are inconsistent with the Government's approved DID's, then the Government shall be responsible for the delays and costs resulting from such modifications or changes. Any Lessor Delay described in Paragraph 5.13 of the SFO shall be "net" of any Government Delay. Delays by the District of Columbia in issuance of a building permit after Lessor has applied for a permit with all due diligence and delays by city inspectors in completing inspections necessary to issue the Certificate of Occupancy for the building will be considered excusable delay.
- E) Pursuant to Paragraph 4.2 of SFO 09-023, the Government's percentage of Occupancy is 51.06% for tax purposes, as calculated: 166,770 BRSF/326,600 BRSF.
- F) Pursuant to Paragraph 4.1 of SFO 09-023, the "Common Area Factor" is calculated to be 1.15760 as calculated: 166,770 BRSF/ 144,065 BOASF. Notwithstanding, adjustments to financial obligations as a result of a final measurement of space will be on the basis of the annual price per ANSI/BOMA Office Area square feet (BOASF).
- G) The base amount for annual operating costs adjustments is \$1,534,284.00 (\$9.20 per BRSF/\$10.65 per BOASF), which shall be adjusted annually by the CPI in accordance with Paragraph 4.3 of SFO No. 09-023.
- H) The Real Estate Tax Base for the purpose of adjustments shall be the Real Estate Taxes for the property for the first full twelve (12) months of the lease term. Real Estate Tax payments shall be adjusted annually in accordance with Paragraph 4.2 Tax Adjustment of SFO No. 09-023.
- I) Notwithstanding anything in SFO 09-023 or the attachments thereto to the contrary, the rate for overtime HVAC services shall be \$45.00 per floor/hour. The Government and Lessor reserve the right to have the Lessor provide documentation to confirm that the overtime HVAC rate reflects the actual costs incurred by the Lessor. If the overtime HVAC rates do not reflect the actual costs incurred by the Lessor, the Lessor and Government agree to re-negotiate this rate which will be reflected in a Supplemental Lease Agreement.

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- J) Pursuant to paragraph 1.1(B) of SFO 09-023, the five (5) structured secured, reserved parking spaces discussed in Paragraph 1 of this Standard Form 2 shall be at no additional charge to Government. The cost for Unreserved Parking for the Government occupants shall be at the prevailing market rate of \$205.00 per space per month. Escalation of Unreserved Parking rates shall not exceed 3% per annum over the Lease term.
- K) All janitorial services outlined in paragraph 4.8 of SFO 09-023, shall be performed during Normal Hours as defined in SFO 09-023, Paragraph 4.5, at no additional cost to the Government.
- L) Pursuant to SFO Paragraph 1.5, the right to use appurtenant areas and facilities shall be non-exclusive and in common with other building tenants and Lessor.
- M) Notwithstanding anything in Paragraph 8.14 of the SFO to the contrary, the Government's right to install telecommunications antennae on the roof of the Building shall be subject to Lessor's review and approval, which shall not be unreasonably withheld provided such installations are comparable to rooftop installations typically found in comparable office buildings in Washington, DC. Furthermore, access to the roof of the Building to install, repair or service such equipment shall be coordinated in advance with the Building property manager.
- N) Notwithstanding anything in the SFO to the contrary, at the Lessor's option, the Lessor may choose not to assist the Government in the maintenance, repair or replacement of any fixtures or equipment not included as a part of the building shell in the SFO. Should the Lessor choose to offer such assistance to the Government, the Lessor and Government shall negotiate in good faith a cost for maintenance, repair and replacement of any above-standard fixtures or equipment required or installed by the Government. Such costs shall be memorialized in an SLA and added to the Government's rent obligation or fully reimbursed by the Government. The Lessor's building shell obligations, as stated in Paragraph 1.12 (8) of the SFO, shall remain in full force and effect.
- O) Pursuant to Paragraph 3.2. A. of the SFO the Tenant Improvement Allowance will include the following fees: (i) for standard office build out, the general contractor's total fees for overhead and profit shall not exceed 5% and the general contractor's fees for general conditions shall not exceed 5%; (2) for standard office build out, the Lessor's total construction management and coordination fees shall not exceed 5%.
- P) The Lessor, at its sole cost, shall complete all of the correction items on Rider Number One prior to Lease Commencement.
- Q) If there is any conflict between this SF-2 and the balance of the Lease, the terms specified in this SF-2 shall govern.
- R) The Government's visitor [REDACTED] and [REDACTED] shall be housed within the [REDACTED] Exclusive Entrance located at the K Street entrance of the building or within other areas of the Government's premises unless prior approval is granted by the Lessor to locate such personnel or equipment within non-Government occupied areas of the Building. In instances of a regional or national emergency, the Government may take measures it deems necessary to secure Government employees and operations housed within the Building. Any such measures shall be subject to Lessor's reasonable approval. In any such event, the Government shall use best efforts to avoid affecting the First Street building entrance and disrupting non-government tenants located in the building.

my/lla

The following are attached and made a part hereof:

1. Exhibit A - Floor plan of leased area, 6 pages;
2. Solicitation for Offers #09-023, 68 pages;
3. Amendment Number One to SFO 09-023, 5 pages
4. Pre-Lease Security Plan, 12 pages;
5. Fire Protection & Life Safety Evaluation, 19 pages;
6. GSA Form 1217, Lessor's Cost Statement, 2 pages;
7. GSA Form 3517B, General Clauses, 33 pages;
8. GSA Form 3518, Representations and Certifications, 7 pages;
9. Rider Number One; 2 pages.

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

By: 77 K Street Tower, LLC, a Delaware limited liability company

By: BROOKFIELD PROPERTIES 77 K MM, LLC, a Delaware limited liability company, its Managing Member

By: \_\_\_\_\_

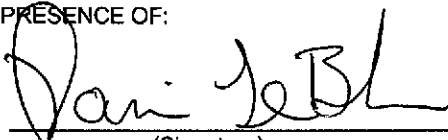
  
(Signature)

Name: Greg Meyer

750 9<sup>th</sup> Street, NW Suite 700 Washington, DC 20001  
(Address)

Date: 11/16/2009

IN PRESENCE OF:

  
(Signature)  
Darian A. LeBlanc

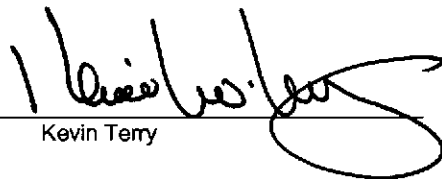
2101 L Street, NW Suite 700 Washington, DC 20037  
(Address)

UNITED STATES OF AMERICA

GENERAL SERVICES ADMINISTRATION

By: \_\_\_\_\_

Kevin Terry



Contracting Officer  
(Official title)

