

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES ADMINISTRATION
(FPR 41 CFR) 1D16.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

JUN 15 2010

LEASE # **GS-11B-02197**

THIS LEASE, made and entered into this date between: **SQUARE 537 ASSOCIATES LLC,**

Whose address is: 7500 Old Georgetown Road
Bethesda, Maryland 20814-6195

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 76,200 BOMA Rentable Square Feet (BRSF) [yielding 63,500 ANSI BOMA Office Area Square Feet (BOASF)] of office and related space, located on a portion of the 2nd floor in suite 210 yielding (12,426BRSF/10,355BOASF), and the entire 3rd floor yielding (21,258BRSF/17,715BOASF), and the entire 4th floor yielding (21,258BRSF/17,715BOASF), and the entire 5th floor yielding (21,258BRSF/ 17,715BOASF), in the new office building known as Capitol View, located at 425 3rd Street SW, Washington DC 20024 - 3206. To be used for OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit "A", hatched area of the floor plans).

2. TO HAVE AND TO HOLD said premises with their appurtenances for a Five (5) Year Firm term beginning on the lease commencement date determined in accordance with section 3.18 "Construction Schedule of Tenant Improvement" of the SFO, and ending five (5) years later.
3. The Government shall pay Lessor a total annual rent of **\$3,432,810.00 (\$45.05/BRSF \$54.06/BOASF)** at the rate of **\$286,067.50** per MONTH paid in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of **\$728,345.50** equal to **(63,500BOASF/\$11.47BOASF)**, and base year real estate taxes, and **\$254,000.00** to amortize a tenant improvement allowance of **\$1,270,000.00 (\$20.00 /BOASF)** at zero percent (0%) annual interest. Payment of CPI adjustments to operating costs and adjustments for real estate taxes shall be made by the Government in accordance with SFO # 07-014. Notwithstanding the foregoing, payment by Government of the first Six (6) months of rent for the office portion of the lease shall be abated in the sum of **\$1,716,405.00** as further set forth in paragraph 6.c below. Further, the Government shall be entitled to abatement of shell rent in the total amount of **\$1,390,288.05** in lieu of a **Cooperating Brokerage Commission** due to the Government applied as set forth in Paragraph 6.c below. The Government's percentage of occupancy for real estate tax purposes shall be 33.45% based on **76,200 RSF /227,831 RSF**, subject to confirmation of the total rentable area of the building. Rent checks shall be made payable to: Square 537 Associates LLC, c/o CB Richard Ellis, P.O. Box 1000, Dept. 197-1518, Memphis, TN 38148-0197.

4. ~~The Government may terminate this lease at any time by giving at least _____ 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 day of mailing.~~

5. (Intentionally deleted).

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following: EXCEPT AS SET FORTH BELOW OR ELSEWHERE IN THIS LEASE, ALL SPACE, SERVICES, IMPROVEMENTS, ALTERATIONS, REPAIRS, AND UTILITIES AS DEFINED BY THIS LEASE. THIS LEASE IS FULL SERVICE.
- a) FIRE & LIFE SAFETY: Notwithstanding any other provision of the Lease, prior to substantial completion of the leased premises, the Lessor shall correct all deficiencies and comply with all recommendations and findings of the completed Fire Protection & Life Safety Evaluation Report (SFO Attachment #4) prepared by a Certified Fire Protection Engineer, as well as the recommendations and findings of the GSA Fire Protection Engineering Section's review of Attachment #4 which are set forth in Rider No.2 attached hereto.

LESSOR  GOV'T 

- b) **TENANT IMPROVEMENTS:** The annual rental rate recited in paragraph 3 includes amortized Tenant Improvement Allowance (TIA) of \$1,270,000.00 (\$20.00 / 63,500 BOASF). The TIA is amortized in the rent at an annual interest rate of 0% (zero percent) per annum over the firm term of the lease. The Government shall have the right to repay the TIA via lump sum payment to the Lessor as additional rent. In addition to the noted Tenant Improvement Allowance included in the rent, the Government shall have the right to amortize into the rent up to an additional \$1,400,810.00/\$22.06 of tenant improvement funds at an annual amortization rate of 4.25%. Upon completion of tenant improvements and acceptance thereof by the Government a Supplemental Lease Agreement (SLA) shall be executed by both parties memorializing the amount of tenant improvement funds used by the Government, the payment method and any change in the rental payment. The schedule for design and construction of Tenant Improvements as described in the SFO and Attachments shall commence with the Government's delivery to the Lessor of the final Program of Requirements to the Lessor, which delivery shall occur within five (5) calendar days of full execution of the lease. Any failure by the Government to provide the Lessor with the final Program of Requirements within the specified five-day period will constitute delay on the part of the Government.
- c) **RENT ABATEMENT:** Notwithstanding anything in the lease to the contrary, the parties have agreed to six (6) month's rent abatement in the sum of \$1,716,405.00, and an additional rent abatement in the sum of \$1,390,288.05 in lieu of a [REDACTED] Cooperating Brokerage Commission which shall be applied as a credit against the base rent during months seven (7) through thirteen (13) of the lease. Rent abatement shall be in the form of a rent credit, which shall be applied to the monthly installment rent due until such amount is applied in its entirety. The Government certifies that it has not engaged a broker to represent its interests in this transaction. The schedule of monthly rental abatement and monthly rental payment shall be as follows:
- Months one (1) through six (6) - the monthly rent shall be [REDACTED].⁽⁴⁾ The Government is receiving abatement of rent in the amount of [REDACTED] per month.
 - Months seven (7) through twelve (12) - the monthly rent to be paid shall be [REDACTED]. The Government is receiving abatement of base rent in the amount of [REDACTED] per month and the payment of operating costs and amortization of the included \$20.00/BOASF of TI.
 - Month thirteen (13) - the monthly rent to be paid shall be [REDACTED]. The Government is receiving abatement of base rent in the amount of [REDACTED] and the payment of base rent in the amount of \$39,149.87, operating costs, and amortization of the included \$20.00/BOASF of TI.
 - Month fourteen (14) through the remainder of the firm term of the lease - the monthly rent shall be \$286,067.50 per month.
- The monthly rents described in this paragraph shall be in addition to continued and ongoing CPI increases in operating costs and adjustments for real estate taxes as provided for in the SFO.
- d) Pursuant to paragraph 7.0 of the SFO: services, utilities and maintenance shall be provided daily, extending from 7:00 AM to 6:00 PM, except Saturdays, Sundays and federal holidays. The rate for overtime HVAC service to the premises governed by this lease shall be [REDACTED] for the leased premises per hour, beyond normal hour schedule. These rates shall escalate in a manner consistent with, the Operating Cost Escalation, in paragraph's (3.7 & 3.8) of the SFO.
- e) The general contractor's total fees for overhead and profit shall be 4%, the total fees for general conditions shall be 5% and the total fees for construction management/coordination fees shall be 1%. Architectural and engineering fees, if any shall not exceed \$3.45 per BOASF for the included \$20.00/BOASF of TI. Any such fees will be paid for out of the tenant improvements allowance.
- f) The Government's right to substitute a different governmental tenant agency shall be limited to agencies that will not deviate from the general office and related space purposes for which the Government intends to use the Premises; are not military or police enforcement agencies where weapons may be brought into the building; do not require increased access by the general public; will not increase the security requirements to be provided by Lessor for the Premises or the building; and shall be subject to the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed. The Government shall pay any increase in costs associated with the substitution of a Government agency or agencies, if applicable.
- g) Notwithstanding anything to the contrary contained elsewhere in this Lease or any documents incorporated herein, the core factor for this Lease is 1.2000.
- h) The Lessor's obligation to paint public areas at least every three (3) years shall only apply to the public areas on the floor of the building occupied by the Government under this Lease.
- i) The Government has inspected, acknowledges and accepts the current base building configuration, including the unique characteristics of the 2nd floor of the Premises (including the floor steps, ceiling heights and windowed area). Nothing in the foregoing shall relieve the Lessor from its obligations to maintain, repair and replace the current base building configuration.
- j) The Rent Commencement Date shall be the date of Premises acceptance made by the Government. However, should a Government or Lessor delay occur, then the Rent Commencement Date shall be established using the absolute value of the number of days of one party's delay, minus the number of days of the remaining party's delay, if any, to equal the total number of days the Rent Commencement Date shall be prior to (in the case of a Government delay) or after (in the case of a Lessor delay) the date of acceptance of the Premises. The Lease Commencement Date shall be the date the Government actually accepts the Premises. Any rent paid by the Government prior to acceptance of the Premises shall be adjusted to include a "Vacant Premises Credit." For purposes of implementing Paragraph 3.15 of the SFO of the Lease, the parties agree to a Vacant Premise Credit of \$1.25/BOASF.

LESSOR [Signature] GOVT [Signature]

7. The following are attached and made a part hereof:

- 1) SOLICITATION FOR OFFERS (SFO) #07-014, 52 PAGES
- 2) SECURITY RIDER # 1, 1 PAGE
- 3) FIRE & LIFE SAFETY RIDER # 2, 1 PAGE
- 4) ATTACHMENT #1 TO THE SFO, RATE STRUCTURE, 1 PAGE
- 5) ATTACHMENT #2 TO THE SFO, CONSTRUCTION SCHEDULE, 1 PAGE
- 6) ATTACHMENT #3 TO THE SFO, SCOPE OF WORK, 2 PAGES
- 7) ATTACHMENT # 4, FIRE AND LIFE SAFETY REPORT, 18 PAGES
- 8) SMALL BUSINESS SUBCONTRACTING PLAN, 13 PAGES
- 9) GSA FORM 1217 LESSOR'S ANNUAL COST STATEMENT, 1 PAGES
- 10) GSA FORM 1364 & THE ATTACHMENT, 4 PAGES
- 11) GSA FORM 3517B GENERAL CLAUSES, 32 PAGES
- 12) GSA FORM 3518 REPRESENTATIONS AND CERTIFICATIONS, 8 PAGES
- 13) FLOOR PLAN "EXHIBIT A" 4 PAGES

8. In the event of a conflict between the terms of this SF-2 and the SFO or its attachments, the terms contained in this SF-2 shall prevail.

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

LESSOR: Square 537 Associates LLC,

By: CEI Realty Inc.,
Manager

By: Rebecca L. Owen

Title: Senior Vice President

IN PRESENCE OF

Name:

Address 7500 Old Georgetown Road, Bethesda, Maryland
20814-6195

UNITED STATES OF AMERICA

BY

Kevin M. Terry

TITLE

CONTRACTING OFFICER, GSA, NCR,

STANDARD FORM 2

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