

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE APR 20 2011

Lease No. GS-11B-02275

THIS LEASE, made and entered into this date by and between ZG 122 C STREET, LLC

whose address is: c/o Zuckerman Gravely Development, Inc.
Two Wisconsin Circle, Suite 1050
Chevy Chase, Maryland 20815

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 23,302 BOMA Rentable Square Feet (BRSF) yielding 19,949 ANSI/BOMA Office Area square feet (ABOASF) and being the entire 4th Floor and a portion of the 6th Floor in the building known as 122 C Street, located at 122 C Street, NW, Washington, DC 20001-2109 to be used for SUCH GENERAL OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See floor plans of leased premises included in Attachment A).

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term commencing April 5, 2011 and continuing through April 4, 2021.

3. The Government shall pay the Lessor annual rent of \$1,060,241.00 (\$45.50/BRSF, \$53.15/BOASF) at the rate of \$88,353.42 per month in arrears. If the term of the lease commences on a day other than the first day of a month, the rent for the first and last months of the lease term shall be prorated. The annual rent includes an operating cost base of \$245,155.00 (\$10.52/BRSF, \$12.29/BOASF). A tenant improvement amount of \$398,980 (\$1.71/BRSF, \$2.00/BOASF) is also included in the annual rent. Rent checks shall be made payable to: ZG 122 C Street, LLC c/o Zuckerman Gravely Development, Inc., Two Wisconsin Circle, Suite 1050, Chevy Chase, Maryland, 20815 or in accordance with the provision for electronic payment of funds.

4. Intentionally Deleted

5. Intentionally Deleted

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

- A. All services, alterations, repairs, and maintenance, as well as any other right and privilege stipulated by this Lease, the SFO, and its Attachments shall be included as a component of the rent.

B. The Government agrees to accept space on the 4th and 6th floors (23,302 BRSF/19,949 ABOASF) "as existing", and the Lessor represents that such items are in good repair, providing a tenantable condition. Additionally, the Government accepts the current condition of the building and/or the leased space notwithstanding any recommendations pertaining to Fire & Life Safety. The intent of this qualification is to recognize that the Government finds such items or conditions to be acceptable with regard to the Government's occupancy of the space. Nonetheless, such items or conditions are to be in "good repair and tenantable condition" at the time of Lease Commencement or by any other specified date(s). The acceptance of the Lease Premises "as existing" does not relieve the Lessor from the obligation in the Lease to maintain and repair the building shell and life safety in compliance with the standards set forth in the Lease.

C. In accordance with Paragraph 2.4 "Broker Commission and Commission Credit" of the Lease, Jones Lang LaSalle is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Jones Lang LaSalle have agreed to a cooperating lease commission of [REDACTED] of the lease value. The total amount of the commission is [REDACTED]. In accordance with the "Brokerage Commission and Commission Credit" paragraph, Jones Lang LaSalle has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be paid as free rent in the 1st and 2nd months of the lease term. The Lessor agrees to pay Jones Lang LaSalle the Commission less the Commission Credit in the lump sum amount of [REDACTED] which shall be due to Jones Lang LaSalle upon execution of this lease by the Government and payable within 30 days of the receipt of an invoice.

Notwithstanding Paragraph 3 of this Standard Form 2, rental payments due and owing under the lease shall be reduced in the 1st and 2nd months of the lease term to recapture the Commission Credit. The credit for the 1st month is [REDACTED] and thus the total rent due for the 1st month shall be [REDACTED]. The credit for the 2nd month shall be [REDACTED], and thus the total rent due for the 2nd month shall be [REDACTED].

D. The Lessor shall provide to the Government a Tenant Improvement Allowance of \$398,980 (\$20.00/ABOASF x 19,949/ABOASF). Such allowance shall be available in full immediately upon execution of this Lease, but shall be held by the Lessor until directed by the Government on how the disbursement of funds shall occur. The Government shall have the full latitude to direct disbursement of funds in accordance with the SFO and/or offset the Government's rental obligation to the Lessor. This Tenant Improvement Allowance is included in the rent, with the \$20.00/ABOASF being amortized at a rate of 0% over the entire 10 year lease term. If the Government does not utilize the entire Tenant Improvement Allowance included in the rent, the rent shall be adjusted downward using the 0% amortization rate. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in Paragraph 3.2 "Tenant Improvements Included in Offer", Paragraph 3.3 "Tenant Improvement Rental Adjustment" and Paragraph 5.2 "Tenant Improvement Pricing Requirements."


E. For purposes of Paragraph 4.2 of the SFO, as of the date hereof, the Government's percentage of occupancy is 19.822%, based upon occupancy of 23,302 BRSF in a building 117,559 BRSF. The base year real estate taxes shall be the taxes assessed from April 1, 2011 through March 31, 2012. Evidence of payment of taxes shall be furnished as provided by Paragraph 4.2 C and D of the SFO.

F. In connection with the buildout of tenant improvements, the following limits on markups, fees and design costs shall apply. General Conditions shall be 7%, the General Contractor's Fees shall be 5%, and the Lessor's Project Management Fees shall be 6%. The A/E Fees, if any, shall not exceed 6%. The combined total of the foregoing markups shall not exceed 28%.

G. In accordance with SFO Paragraph 4.5 of the SFO, as part of the rental consideration set forth in Paragraph 3 of this SF-2, services, utilities and maintenance shall be provided daily, extending from 7:00 am to 6:00 pm, except Saturday, with Sundays and federal holidays ("Normal Hours"). Overtime beyond the above referenced Normal Hours shall be provided at a rate of \$65.00 per hour for the first floor placed into service. The cost for additional floors is \$20.00/hour. The foregoing HVAC rates shall escalate in a manner consistent with Paragraph 4.3 of the SFO, "Operating Costs". The foregoing overtime HVAC rate is inclusive of all labor, maintenance, service and engineering fees. Notwithstanding, the hours of HVAC service, the Government shall have access to the leased space and appurtenant areas at all times without additional payment, including the use, during other than Normal Hours, of necessary services and utilities such as elevators, toilets, lights, and electric power.

H. In accordance with SFO Paragraph 4.4, the adjustment to the rent for space previously occupied by the Government and then vacated is \$2.50 per ABOA SF for a full floor.

I. Within 90 days of the commencement of the lease term, the Lessor shall install [REDACTED] meeting the requirements of Paragraph 10.22.A of SFO 9DC2470 on windows within the leased premises.


LESSOR GOVT
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J. In the event of a conflict between this SF-2 and any other documents that comprise the Lease, the SF-2 shall govern.

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

- A. Floor Plans for the Leased Premises (2 Pages)
- B. Solicitation for Offers No. 9DC2470 dated May 7, 2010 (55 pages)
- C. GSA Form 1217 titled Lessor's Annual Cost Statement (1 page)
- D. GSA Form 3517 titled GENERAL CLAUSES (33 pages)
- E. GSA Form 3518 titled REPRESENTATIONS AND CERTIFICATIONS (7 pages)
- F. Pre-Lease Building Security Rider (2 pages)
- G. Fire Protection & Life Safety Rider (1 page)
- H. GSA Form 3881 (1 Page)

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

LESSOR: ZG 122 C Street, LLC

BY: Charles A. Gravely

Charles A. Gravely

TITLE: Vice President

Two Wisconsin Cir. Suite 1050
Chevy Chase, MD 20815

IN PRESENCE OF: Joan Middleton

ADDRESS _____

UNITED STATES OF AMERICA

BY: Matthew P. [Signature]

CONTRACTING OFFICER, GSA, NCR