

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

**U.S. GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE: AUGUST 13, 2009

LEASE #GS-11B- 02132

THIS LEASE, made and entered into this date between: **ML Jefferson, LLC**
Whose address is: c/o Lowe Enterprises Investment Management, LLC
11777 San Vicente Boulevard Suite 900
Los Angeles, CA 90049

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 approximately **37,660 Rentable Square Feet (RSF)**, being **32,550 ANSI BOMA Office Area Square Feet (BOASF)**, and being the entire Plaza Level (18,985 BOASF), a portion of the Second Floor (7,617 BOASF) and a portion of the Third Floor (5,948 BOASF) of the building known as Jefferson Plaza, as noted on the attached floor plans and made a part hereof, with the address being 1411-1421 Jefferson Davis Drive, Arlington, VA 22202.

To be used for office and related purposes as determined by the Government.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the five (5) YEAR FIRM term beginning on the commencement date determined in accordance with section 3.17 "Construction Schedule of Tenant Improvements" of the SFO, and ending five (5) years later, subject to renewal rights as may be set forth hereinafter.

3. The Government shall pay the Lessor an annual rent of \$1,381,096.50 (\$42.43/BOASF [\$41.92 + \$.51 daytime cleaning]) at the rate of \$115,091.37 per MONTH in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of \$263,004.00 (\$8.08 /BOASF), base real estate taxes, and \$151,027.80 to amortize a tenant improvement allowance of \$651,000.00 (\$20.00 /BOASF) at six percent (6%) annual interest. The operating cost base includes the daytime cleaning premium of \$.51 /BOASF. Rent checks shall be payable to ML Jefferson, LLC, at the address shown above.

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 date of mailing.~~

5. This lease may be renewed at the option of the Government, for the following term and at the following rental:

The Government shall have the right to one (1) renewal option for a [REDACTED] at an annual rental rate of [REDACTED] payable at the rate of [REDACTED] per month in arrears. If the Government exercises its renewal option, the Lessor shall be entitled to all accrued operating costs and the rent shall continue to be adjusted for operating cost escalations and real estate tax adjustments as provided in SFO 07-016, such operating cost escalations and real estate tax adjustments to be made based on the original base operating costs and base real estate taxes. Rent shall continue to be adjusted for operating costs escalations as provided in SFO 07-016. The renewal option shall become effective provided notice be given in writing to the Lessor at least **180** days before the end of the original lease 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.

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(rev. 6/09/2009)

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 SERVICES, IMPROVEMENTS, ALTERATIONS, REPAIRS, AND UTILITIES AS DEFINED BY THIS LEASE. THIS LEASE IS FULL SERVICE.
- a) Lessor shall correct all deficiencies and comply with all recommendations and findings of Attachment #4, Fire Protection & Life Safety Evaluation report prepared by a Certified Fire Protection Engineer, as well as the recommendations and findings of the GSA Fire Protection Engineering Section's review of the report. Any work required pursuant to this paragraph shall be completed prior to substantial completion of the tenant improvements to the leased premises.
 - b) Tenant Improvements: The cost of improvements, if any, shall be memorialized in a Supplemental Lease Agreement (SLA) along with the amortization payment amount and revised rent (if applicable). In the event that the total cost of tenant improvements is greater or less than \$20 /BOASF, the rent shall be adjusted accordingly. Tenant improvements financed by the Lessor above the initial \$20.00 per BOASF shall be amortized at the annual interest rate of nine percent (9%). Notwithstanding any provisions of the SFO to the contrary, the Government shall not amortize more than \$1,369,704.00 (\$42.08/BOASF) in tenant improvements.
 - c) The Government's percentage of occupancy for real estate tax purposes shall be 6.87%, based on 37,660 RSF / 548,617 RSF, subject to confirmation of the total rentable area of the entire building.
 - d) In the event that the Lessor performs tenant improvements in the leased premises at the Government's direction, the Lessor shall be entitled to fees as set forth in this paragraph. 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%. The Lessor's total construction management & coordination fees for the Tenant Improvements for the Government's space shall not exceed 10% and architecture & engineering fees, if any, shall not exceed \$3.50/BOASF. Any such fees will be paid for out of the T/I Allowance.
 - e) The HVAC overtime rate shall reflect the Lessor's actual cost of providing overtime HVAC services and shall not exceed \$80/hour for the initial term of the lease and \$92.75/hour for the option term. A two-hour minimum charge for HVAC overtime usage shall apply. If requested by the Government, the Lessor shall provide documentation, including but not limited to, an inventory of equipment operated, past utility bills and other pertinent information as requested, in support of the HVAC overtime rate.
 - f) The Government shall have the right to acquire up to 49 parking spaces in association with this lease. Parking spaces shall be acquired via separate service contract between the Government's end user and the Lessor's parking contractor, at market rates not to exceed \$130 per month per unreserved space or \$260 per month per reserved space, with an annual escalation not to exceed three percent (3%) on a compounding basis.
 - g) The Government shall be entitled to a rent credit of \$427,951.65, to be applied against the first month's rent and continuing into subsequent months' rent until exhausted. The Lessor shall not be responsible for any cooperating brokerage commission or free rent under this lease, except as provided in this paragraph.
 - h) Should the Government request that the Lessor assist in the maintenance, repair or replacement of any above-standard fixtures or equipment, the Lessor and Government shall negotiate in good faith a cost for said maintenance, repair and replacement. Such costs shall be memorialized in a SLA and added to the Government's rent obligation.
 - i) The Construction Schedule described in Paragraph 3.17 of the SFO shall commence within fifteen (15) days of the Lease award. Failure on the part of the Government to provide the Lessor with the Program of Requirements within fifteen (15) days of Lease award shall be considered a Government Delay. The Lessor Delay described in the final sentence of Paragraph 3.17(C) of the SFO shall be "net" of any Government Delay.
 - j) The Lessor shall cause all cleaning within the Government's demised premises to occur between the hours of 8:30 am and 4:30 pm, Monday through Friday, excluding federal holidays. The Lessor may choose to meet its janitorial obligations outside of the Government's demised premises by cleaning any or all common areas of the Building, including but not limited to the elevator lobby and bathrooms on the Plaza Level, after Normal Hours as defined in Section 7.2 of the SFO.
 - k) In the event of a discrepancy between the terms of this SF-2 and the SFO and its attachments, the terms of this SF-2 shall control.

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Revised 6/09/2009

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

1. Solicitation For Offers (SFO) # 07-016, 52 pages
2. Solicitation Attachment #1, Rate Structure, 1 page
3. Solicitation Attachment #2, Construction Schedule, Below 92,000 BOMA OASF, 1 page
4. Solicitation Attachment #3, Scope of Work for DID's and Construction Schedule Tasks, 2 pages
5. Solicitation Attachment #4, Fire and Life Safety Report
6. GSA Form 1217, Lessor's Annual Cost Statement, 1 page
7. GSA Form 3517, General Clauses, 32 pages
8. GSA Form 3518, Representations and Certifications, 7 pages
9. Floor Plans of Leased Area, 9 page
10. Rider #1 - Security Requirements, 1 page
11. Rider #2 - Fire & Life Safety, 1 page

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

LESSOR:

BY

Katya Naman

Katya Naman

TITLE:

VICE PRESIDENT

IN PRESENCE OF

Virginia W. Remian

ADDRESS:



UNITED STATES OF AMERICA

BY

Lisa Richmond

CONTRACTING OFFICER, GSA, NCR

STANDARD FORM 2

Revised 6/9/2009

EXCEPTION TO SF2 APPROVED