

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE: AUG 18 2011

Lease No. GS-11B-02211

THIS LEASE, made and entered into this date by and between Potomac Creek Associates, LLC

whose address is: c/o JBG Companies  
4445 Willard Avenue, Suite 400  
Chevy Chase, MD 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 163,538 BOMA Rentable Square Feet (BRSF) yielding 138,523 ANSI/BOMA Office Area square feet (BOASF). The Government shall occupy space located on SL (partial, storage space) (3,668 BRSF-3,668 BOASF), 4<sup>th</sup> floor (partial, office space) (29,760 BRSF -25,122.77 BOASF), 5<sup>th</sup> floor (entire, office space) (65,055 BRSF - 54,866 BOASF) and 6<sup>th</sup> Floor (entire, office space) (65,055 BRSF - 54,866 BOASF), i.e., a total of 3,668 BRSF of storage space and 159,870 BRSF of office space, in the building known as L'Enfant Plaza, specifically 470/490 L'Enfant Plaza, SW Washington, DC, 20024 (the "Building") to be used for SUCH GENERAL OFFICE AND RELATED PURPOSES AS REASONABLY DETERMINED BY THE GOVERNMENT. (See Attachment C floor plans of leased premises).

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a ten (10) year firm term commencing on December 1, 2010 and continuing through November 30, 2020.

3. The Government shall pay the Lessor annual rent of \$7,105,726.10 (\$43.45/BRSF, \$51.35 BOASF) at the rate of \$592,143.84 per month in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base for the office space of \$1,743,578.48 (\$10.66/BRSF, \$11.21/BOASF) and a tenant improvement allowance of \$3,371,376.25 (\$2.07/BRSF, \$2.44/BOASF which represents a \$25.00/BOASF Tenant Improvement Allowance for the office space only) amortized at zero percent (0%) annual interest rate. Rent checks shall be made payable to: Potomac Creek Associates, LLC c/o JBG Companies, 4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815 or in accordance with the provision for electronic payment of funds.

4. Intentionally Deleted

5. This lease may be renewed for one additional                      term at the option of the Government at the rate of                      provided that the Government shall have given notice in writing to the Lessor at least 365 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. The operating cost base and real estate tax base shall not be changed for the renewal term. Operating cost and real estate tax adjustments shall continue to be made during the renewal term as provided for in this Lease. Said notice shall be computed commencing with the day after the date of mailing.

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, unless otherwise provided for in this Lease.
- B. The Government agrees to accept storage space on the SL level (partial), and office space on 4th floor (partial), 5th floor (entire), and 6th Floor (entire) in the Building in their "as existing" condition, and the Lessor represents that such items are in good repair, providing a tenantable condition. The intent of this qualification is to recognize that the Government may find such items or conditions to be at least minimally 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) in the Lease and to be maintained and repaired (or replaced) as necessary to remain as such throughout the term of the Lease. The acceptance of the Leased Premises "as existing" does not relieve the Lessor from the obligation in the Lease to maintain and repair the building shell and fire and life safety issues in compliance with the standards set forth in the Lease.
- C. The Lessor shall provide to the Government a Tenant Improvement Allowance of \$3,371,376.25 (which represents \$25.00/BOASF x 134,855 BOASF office space). 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 may use the Tenant Improvement Allowance at any time on or before the date that is three (3) years from the lease commencement date, i.e., December 1, 2013. 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 \$25.00/BOASF being amortized at a rate of 0% over the ten (10) years of the lease term. The Government may use any unused portion of the Tenant Improvement Allowance for work to be performed pursuant to Lease No. GS-11B-0210. If the Government does not utilize the entire Tenant Improvement Allowance included in the rent within the first three (3) years of the lease term, the unused Tenant Improvements will be deamortized at the conclusion of the third (3<sup>rd</sup>) year of the lease term by reducing the rent in the fourth (4<sup>th</sup>) year of the lease term in an amount equal to the unused, amortized Tenant Improvement Allowance. The Government may not use any Tenant Improvement Allowance for tenant improvements after the conclusion of the third (3<sup>rd</sup>) year of the lease term. 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 5.3 "Tenant Improvement Pricing Requirements."
- D. 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], based on the rent established in Paragraph 3 above. If that rent should be adjusted to reflect a change in the tenant improvement allowance, the commission shall be adjusted accordingly. 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]. 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 consistent with the terms in the fully executed, separate Commission Agreement 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 first two months of the lease term to recapture this Commission Credit. The credit for the first (1<sup>st</sup>) month shall be [REDACTED], and thus the total rent due for the first (1<sup>st</sup>) month shall be [REDACTED]. The credit for the second (2<sup>nd</sup>) month shall be [REDACTED] and thus the total rent due for the second (2<sup>nd</sup>) month shall be [REDACTED].
- E. For purposes of Paragraph 4.2.B.7 of the SFO, as of the date hereof, the Government's percentage of occupancy, excluding storage space, is 40.4612% of the total office square footage of the Building excluding retail space (being 91.332% of the entire Building) and the real estate tax base for the Leased Premises is described herein as \$667,557.56 for the first twelve (12) months following the lease commencement date.
- F. In connection with the buildout of tenant improvements, the following limits on markups, fees and design costs shall apply. General Conditions shall not exceed 8%, General Contractor Fees shall not exceed 4%, Lessor's overhead, profit, and other management fees shall not exceed 4%, and the architectural/engineering (including architectural, mechanical, electrical, plumbing, and structural engineering services) costs shall not exceed 3%. The combined total of the foregoing markups shall not exceed 19%.

- G. In accordance with SFO Paragraph 4.4, in the event that the Government fails to occupy or vacates a portion of a floor, the Government shall be entitled to a reduction in rent of \$1.50/BOASF. In the event that the Government fails to occupy or vacates the entirety of one floor, the Government shall be entitled to reduction in rent of \$2.50/BOASF.
- H. As part of the Lessor's building shell obligation under the Lease, Lessor agrees to provide the Renovations (See Attachment A).
- I. As part of the rental consideration, the Lessor will be responsible for the utility costs and routine maintenance of special HVAC equipment installed in the Government space. The equipment is identified in Attachment B to this lease. During the term of the lease, should the Government remove or replace any of these identified HVAC units, the Government will advise the Lessor in advance and a mutually agreed upon Supplemental Lease Agreement will memorialize such a change and may include a rental adjustment to account for utility usage and maintenance of the new units. The Lessor shall not be responsible for extraordinary or major repairs or replacement of such units. An extraordinary or major repair for the purposes of this lease is defined as a single repair costing more than \$5,000 or a series of repairs in a single calendar year on an individual piece of equipment totaling more than \$7,000. Such major repairs, or replacement of a unit, shall be at the Government's sole expense.
- J. Notwithstanding anything to the contrary contained in the SFO or elsewhere in the Lease, the Government's right to install security equipment, communications equipment, antennae, or other similar equipment to the roof, parapet, or Building envelope is subject to space availability, code compliance, the rights of other tenants, and prevailing rental rates for rooftop space. The Government agrees to cooperate with the Lessor with respect to all aspects of such placements on the rooftop. Installation and use of rooftop equipment is subject to the prior written consent of the Lessor. Installation and use of such equipment shall not interfere with the Building's systems or other tenants' use of the roof or their premises. To the extent that the Government installs or uses rooftop equipment at the Building (including, but not limited to, the roof thereof), the Government shall comply with all applicable law and codes regarding such work. If the Government's installation of any security equipment, communications equipment, antennae, or other similar equipment on the roof, parapet, or Building envelope causes damage to the roof, parapet, Building envelope, or any other portion of the Building, Leased Premises, or surrounding areas or to personal property or any person, the Government shall be responsible for any and all associated repair costs and damages, including, but not limited to, costs for repairing the roof, parapet, or Building envelope, any interior damage, any damage to personal property, and any injury to a person to the extent authorized under the Federal Tort Claims Act or the Contract Disputes Act or other applicable statutory authority.

The Government shall pay any reasonable and allowable out-of-pocket or third party costs incurred by the Lessor in connection with the Government's installation of such equipment or use of the roof. The Government, at its sole cost and expense, shall remove any equipment from the roof, parapet, or Building envelope promptly upon expiration or earlier termination of the Lease. Immediately after such removal, the Government, at its sole cost and expense, shall repair any areas affected by such removal and restore the same to substantially the same condition as existed immediately before such removal.

- K. The Government shall reasonably cooperate with the Lessor and Lessor's Lender to make such modifications to the Lease (if any) as may be required to facilitate financing of the Building so long as such requested modifications (i) do not alter the Lessor's obligations under the Lease, (ii) do not materially increase the costs to the Government in connection with the Lease, and (iii) are otherwise consistent with the purpose and intent of the Lease. For purposes hereof, "Lessor's Lender" means any financial institution or trustee that is the holder of a mortgage, deed of trust, or other security instrument that constitutes a lien on all or a portion of the Lessor's interest in the Leased Premises or the Building, or any other security interest in, or assignment of, any lease or the rent thereunder.
- L. To the extent that the Government performs work at the Building (including, but not limited to, the roof thereof), the Government shall comply with all applicable law and codes regarding such work.

7. BUSINESS IMPROVEMENT DISTRICTS (B.I.D.)

a. For purposes of this solicitation:

"BID" means a Business Improvement District, Special Improvement District, or other specifically designed geographical area within a taxing jurisdiction (including, but not limited to, any taxes related to a baseball or any other stadium) organized and registered pursuant to enabling legislation promulgated by a State or local government, within which properties are assessed, charged, or taxed solely by virtue of their location within the given area and in support of services or projects located solely within the area.

"Building" means the building(s) within which space is provided to the Government under the Lease, together with the land upon which the building is located.

"Lessor's BID Assessment" means charges, assessments, or taxes levied against the Lessor or the Building, expressed as a fixed sum per Building, solely by virtue of the Building being located within a BID.

- b. The Government agrees, when applicable, to make a single annual lump sum payment to the Lessor for its share of increases in Lessor's BID Assessment over the base year. For purposes of this Paragraph, the base year amount of Lessor's Bid Assessment will be determined as the amount in the calendar year in which the Lease commences.
- c. The Government's share of increases in Lessor's BID Assessment shall be based upon the ratio of the ANSI/BOMA Office Area square feet occupied by the Government to the total ANSI/BOMA Office Area square feet of office and retail space in the Building (percentage of occupancy). Square footage related to parking will not be included in determining the Government's percentage of occupancy. At the Contracting Officer's sole discretion, the Government may pay its share of increases in Lessor's BID Assessment based upon the ratio of the assessed value of the space leased by the Government to the total assessed value of the Building. For purposes of this clause, the Government's percentage of occupancy is stated in the paragraph of this Lease entitled "Tax Adjustment."
- d. The Lessor shall furnish the Government with copies of all bills reflecting Lessor's BID Assessment and evidence of payment of such Lessor's BID Assessment by the Lessor. Evidence of payment must be submitted to the Government within 60 calendar days of the date that the final payment for the applicable tax year is due (i.e., the Lessor shall be required to submit evidence of payment for both the first half and the second half of the tax year within 60 calendar days of when the payment for the second half of the tax year is due). Failure by the Lessor to submit evidence of payment as provided in this Paragraph shall act as a waiver of the Lessor's right to receive payment under this Paragraph."

8. Coordination of Disruptive Work - The Government and the Lessor acknowledge that the Lessor is performing, or will perform, certain renovations, as described on Attachment A, to the main lobby and common areas of the Building (the "Renovations"). The Lessor shall notify the Government's tenant agency of the schedule for the Renovations to the main lobby and common areas of the Building and will use commercially reasonable efforts to minimize interference with the Government's use of the Leased Premises. All heavy-duty noise level work, including slab cutting or slab drilling work, necessary to complete the renovation of the Building and that unreasonably interferes with the tenantability of the Leased Premises will be performed during non-normal working hours of the Government.

With respect to the Renovations at the Building, the Lessor shall invite a representative of the Government's tenant agency to construction/renovation scheduling meetings. The Government will provide the Lessor with the name and contact information of the tenant agency representative to be invited. Attendance at the meetings will be at the Government's discretion.

9. If any work or service, including, but not limited to, any maintenance or repair, that the Lessor shall perform under the SFO (including, but not limited to, those requirements under Paragraphs 7.11.B.2, 7.12.A.3, 7.12.B.3, 7.13.A.4, and 7.13.D.2) requires the moving and returning or replacing of the Government's furniture, fixtures, or equipment, then all such moving and returning or replacing shall be at the Government's sole cost and expense. Notwithstanding anything to the contrary contained in the Lease, the Lessor is not obligated to repair or replace any carpet or wall covering on a cyclical basis. The Lessor is obligated to perform cyclical repainting of the Leased Premises.
10. Paragraph 1.9.A of the SFO is hereby deleted in its entirety. The Government currently occupies the Leased Premises.
11. Based on the information the Lessor has provided, the Government understands that the Leased Premises and the Building will meet the requirements of Paragraph 1.11 of the SFO effective as of the date of the Lessor's substantial completion of the Renovations. Verification that the Leased Premises and Building meet the requirements of Paragraph 1.11 of the SFO will be memorialized in a Supplemental Lease Agreement upon completion of the Renovations.

12. Notwithstanding anything to the contrary contained in Paragraph 1.12.A of the SFO or elsewhere in the Lease, all improvements except the Renovations that are made in accordance with the Lease shall be tenant improvements. The parties stipulate that the Leased Premises are, as of lease execution, meets the building shell requirements and that no further work other than the Renovations, including, but not limited to, making improvements or alterations, is required for the Leased Premises to meet the building shell requirements. If the Government requests that the Lessor perform any such work, such work will be performed at the Government's sole cost and expense.
13. Paragraph 4.2.C.4 of the SFO is hereby deleted in its entirety.
14. Paragraph 4.2.C.9 of the SFO is hereby deleted in its entirety and the following is inserted in lieu thereof:

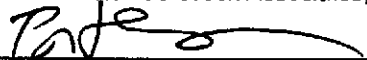
"9. In order to obtain a Tax Adjustment, the Lessor shall furnish the Contracting Officer with copies of all paid tax receipts, or other similar evidence of payment acceptable to the Contracting Officer, and a proper invoice (as described in GSA Form 3517, General Clauses, 552.232-75, Prompt Payment) for the requested Tax Adjustment, including the calculation thereof. Evidence of payment must be submitted to the Government within 60 calendar days of the date on which the final payment for the applicable tax year is due (i.e., the Lessor shall be required to submit evidence of payment for both the first half and second half of the tax year within 60 calendar days of when the payment for the second half of the tax year is due). FAILURE TO SUBMIT THE PROPER INVOICE AND EVIDENCE OF PAYMENT WITHIN SUCH TIME FRAME SHALL CONSTITUTE A WAIVER OF THE LESSOR'S RIGHT TO RECEIVE A TAX ADJUSTMENT PURSUANT TO THIS CLAUSE FOR THE TAX YEAR AFFECTED."
15. Paragraph 5.7 of the SFO is hereby deleted in its entirety.
16. Notwithstanding anything to the contrary contained in Paragraph 8.2 of the SFO or elsewhere in the Lease, the Government may only request the report referenced in Paragraph 8.2 of the SFO at the cost to the Lessor as the Government reasonably determines to be necessary.
17. Notwithstanding Paragraph 8.16.A.4 of the SFO, the Lessor and its electrical contractor have no obligation for any wiring, service, testing, or any other work with respect to the Government's systems furniture. All such work shall be performed by the Government or its contractor at the Government's sole cost and expense.
18. Notwithstanding anything to the contrary contained in Paragraph 8.18.A of the SFO or elsewhere in the Lease, the Lessor must ensure that at least one (1) elevator is available at all times for the Government's use. The Lessor may provide one (1) elevator that can be used as either a passenger or a freight elevator, the Lessor's provision of such one (1) elevator is deemed to satisfy the requirements of Paragraph 8.18.A of the SFO.
19. Notwithstanding anything to the contrary contained in Paragraph 9.9 of the SFO or elsewhere in the Lease, the Lessor shall in no event be responsible for any damage or injury (whether to person or property or otherwise) of any kind related to the Government's use, carrying, or storage of hazardous materials in or about the Leased Premises. Any such use, storage, or carrying shall be a default by the Government under the Lease and the Lessor may pursue any right at law or equity against the Government with respect thereto to the extent authorized under the Federal Tort Claims Act, the Contract Disputes Act or other applicable statutory authority.
20. Paragraph 10.23.A of the SFO is hereby deleted in its entirety.
21. The parties hereby agree and acknowledge that certain space on the 4th floor as shown on the drawing attached to the Lease is a common corridor and is not a part of the Leased Premises. (See Attachment L) The Government's right to use such common corridor is subject to the same terms and conditions as the Government's right to use other common areas in the Building under the Lease. In no event may the Government occupy or limit access to such common corridor.
22. HVAC Overtime Rate – A fair and reasonable rate shall be established once new building systems are fully operational and in place.

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

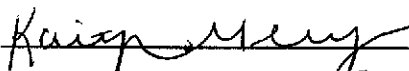
- a. Attachment A – Offer Clarifications for 470/490 L'Enfant Plaza SW ( 2 pages)
- b. Attachment B – Supplemental HVAC Unit Description and Location (1 page)
- c. Floor Plans of Offered Space and Building Square Footage Calculation ( 8 pages)
- d. Solicitation for Offers No. 9DC2139 dated 11/13/09, Revised prior to FPR (55 pages)
- e. Amendment Number 1 to Solicitation for Offers No. 9DC2139 (1 page)
- f. GSA Form 1217 titled Lessor's Annual Cost Statement (2 pages)
- g. GSA Form 3517 titled GENERAL CLAUSES (33 pages)
- h. GSA Form 3518 titled REPRESENTATIONS AND CERTIFICATIONS (7 pages)
- i. Rider #1 Security Requirements FPS Rider (1 page)
- j. Rider #2 Fire Protection and Life Safety Findings and Recommendations (1 page)
- k. Rider #3: Negotiated Deviations from GSA Form 3517 titled GENERAL CLAUSES (2 pages)
- l. Small Business Subcontracting Plan (14 pages)

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

LESSOR: Potomac Creek Associates, LLC

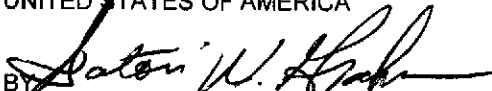
BY: 

TITLE: Managing Member

IN PRESENCE OF:   
400, Chevy Chase, MD 20815

ADDRESS 4445 Willard Avenue, suite

UNITED STATES OF AMERICA

BY:   
SANTONI GRAHAM

CONTRACTING OFFICER, GSA, NCR