

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

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

DATE OF LEASE: 11/9/2010

LEASE #GS-11B-02239

THIS LEASE, made and entered into this date between: NewTower Trust Company Multi-Employer Property Trust

Whose address is: c/o Kennedy Associates Real Estate Counsel, LP
1215 Fourth Avenue, Suite 2400
Seattle, Washington 98161-1085
Attn: Executive Vice President – Asset Management

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 **26,153 ANSI BOMA Rentable Square Feet (BRSF)**, being **22,460 ANSI BOMA Office Area Square Feet (BOASF)**, consisting of 7,546 BRSF (6,258 BOASF) on the 2nd floor; 12,949 BRSF (11,266 BOASF) on the 3rd floor; 5,658 BRSF (4,936 BOASF) on the 4th floor in the building known as Patriots Plaza III, located at 355 E Street, Washington DC 20024-3221 as shown on the attached floor plans attached as Exhibit A and made a part hereof.

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. The parties will execute a Supplemental Lease Agreement (SLA) after the commencement date to memorialize the commencement and expiration dates of the lease term.

3. The Government shall pay the Lessor an annual rent of \$1,232,604.80 (\$54.88 / BOASF) at the rate of \$102,717.07 per MONTH in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of \$196,974.20 (\$8.77 / BOASF), base real estate taxes, \$89,840.00 to amortize a tenant improvement allowance of \$449,200.00 (\$20.00 / BOASF) at zero percent (0%) annual interest. The operating cost base includes the daytime cleaning premium of [REDACTED] / BOASF. Government shall be entitled to a rent credit in the amount of \$308,151.21 to be applied against the monthly fully serviced rental payment until exhausted. Rent checks shall be payable to **NewTower Trust Company Multi-Employer Property Trust** at the address shown below, or in accordance with the provision on electronic payment of funds:

c/o Kennedy Associates Real Estate Counsel, LP
1215 Fourth Avenue, Suite 2400
Seattle, Washington 98161-1085
Attn: Executive Vice President – Asset Management

4. 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 FIVE-YEAR TERM at an annual rent of \$1,314,583.80 (\$58.53 / BOASF), payable at the rate of \$109,548.65 per month in arrears, plus cumulative operating expense adjustments from the initial lease term. Such rate shall be inclusive of the original operating cost base year and base amount, and base year real estate taxes. Rent shall continue to be adjusted for operating costs escalations as provided in SFO 07-014. Government shall be entitled to a rent credit in the amount of **\$328,645.95** to be applied against the monthly fully serviced rental payment until exhausted. The Government shall continue to make annual lump sum adjustments for changes in real estate taxes as provided in SFO 07-014. 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.

5. 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) Prior to Government occupancy, the 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, attached hereto and made a part hereof.

LESSOR

GOV'T

(rev. 8/12/10)

- 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 than \$20.00/BOASF, the rent shall be increased accordingly. In the event that the total cost of the tenant improvements is less than \$20.00/BOASF, the rent shall be reduced accordingly. Tenant improvements financed by the Lessor above the initial \$20.00/ BOASF shall be amortized at the annual interest rate of ten percent (10%). Notwithstanding any provisions of the SFO to the contrary, the Government shall not amortize more than \$945,116.80 (\$42.08 /BOASF) in tenant improvements. Any tenant improvements funded by the Lessor in excess of this amount shall be repaid by the Government via lump sum payment.
- c) The Government's percentage of occupancy for real estate tax purposes shall be 6.89%, based on 26,153 RSF / 379,613 BRSF, 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 2% and the general contractor's fees for general conditions shall not exceed 5%. There shall be no fees assessed for Lessor's construction management & coordination for the Tenant Improvements for the Government's space. Architecture & engineering fees, if any, shall not exceed \$4.59/BOASF. Any such fees will be paid for out of the T/I Allowance.
- e) Notwithstanding anything in the SFO or the attachments to the contrary, the HVAC overtime rate shall be \$20/hour per floor or any portion of a floor for any required overtime HVAC hours. The foregoing rate does not include the services of an engineer or other on-site staff which is not required for the provision of overtime HVAC services. In the event that the Government and another tenant request simultaneous overtime service, the applicable overtime charge shall be pro-rated over the square footage of each such tenant for the simultaneous hours requested. In the event that an engineer or maintenance mechanic is requested by the tenant, the rate for said services shall be negotiated.
- f) 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.
6. The following are attached and made a part hereof:
1. Solicitation For Offers (SFO) # 07-014, 49 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, 15 pages
 6. Small Business Subcontracting Plan, 13 pages
 7. GSA Form 1217, Lessor's Annual Cost Statement, 1 page
 8. GSA Form 3517, General Clauses, 32 pages
 9. GSA Form 3518, Representations and Certifications, 7 pages
 10. Floor Plans of Leased Area, 3 pages
 11. Rider #1 - Fire & Life Safety, 1 page

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

LESSOR: NewTower Trust Company Multi-Employer Property Trust

BY: Kennedy Associates Real Estate Counsel, LP Authorized Signatory

BY: Kennedy Associates Real Estate Counsel, GP, LLC its General Partner

BY

Robert Coulman

TITLE:

VICE PRESIDENT

DATE:

September 7th 2010

IN PRESENCE OF

ADDRESS:

7315 Wisconsin Ave #350 W
Bethesda, MD 20814

UNITED STATES OF AMERICA

BY

CONTRACTING OFFICER, GSA, NCR

JP