

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE:

LEASE #GS-11B- 02302

AUG - 4 2011

THIS LEASE, made and entered into this date 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:

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1. The Lessor hereby leases to the Government the following described premises:

A total of 23,162 BOMA Rentable Square Feet (BRSF) (yielding approximately 19,106 ANSI/BOMA Office Area Square Feet (ABOA)) on the 3<sup>rd</sup> floor located 470-490 L'Enfant Plaza, SW, Washington, DC 20024 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 July 1, 2011 and expiring on June 30, 2021.

3. The Government shall pay the Lessor annual rent of \$1,060,819.60 (\$45.80 BRSF/ \$55.52 BOASF) at the rate of \$88,401.63 per month in arrears. Rent for a lesser period shall be prorated. The rent includes an operating cost base for the office space of \$274,065.19 (\$11.83 BRSF/ \$14.34 BOASF) and a tenant improvement allowance of \$382,120.00 (\$20.00 ABOA ) to be amortized at a zero percent (0%) annual interest rate over the firm term of the lease. 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 on electronic payment of funds.

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4. (Intentionally Deleted)

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5. (Intentionally Deleted)

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

A. Except as otherwise provided herein, all services, utilities, alterations, repairs, and maintenance, as well as any other right and privilege stipulated by this Lease, the SFO and its Attachments are included as a component of the rent.

B. The Government hereby accepts the leased premises 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 this Lease and to be maintained and repaired (or replaced) as necessary to remain as such throughout the term of this Lease. The acceptance of the leased premises "as existing" does not relieve the Lessor from the obligation in this Lease to maintain and repair the building shell and fire and life safety issues in compliance with the standards set forth in this Lease.

C. 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"). During the Lessor's performance of the Renovations, the Lessor and its contractors will not unreasonably interfere with access by the Government to the Leased Premises.

D. The Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$382,120.00 (\$20.00/ABOA). 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., July 1, 2014. The Government shall have the full latitude to direct disbursement of funds in accordance with the SFO and/or to offset the Government's rental obligation to the Lessor in accordance with SFO Paragraph 3.3 "Tenant Improvement Rental Adjustment." This Tenant Improvement Allowance is included in the rent, with the \$20.00/BOASF being amortized at a rate of 0% over the ten (10)-year firm 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 Government may use any unused portion of the Tenant Improvement Allowance included in the rent within the first (3) years of the lease term, the unused Tenant Improvements will be de-amortized 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 SFO Paragraph 3.2 "Tenant Improvements Included in the Offer," and Paragraph 3.3 "Tenant Improvement Rental Adjustment."

E. The premises under this lease are not currently subject to BID taxes. If during the term of this lease the premises under this lease should become subject to BID taxes, the following language shall apply:

**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 this 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 this 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).

- d. 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."
- e. 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."

F. Notwithstanding anything to the contrary contained in this 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.

G. Paragraph 1.3 of the SFO is hereby deleted in its entirety and following is inserted in lieu thereof:

"The lease term is for a 10 year term. GSA shall not have a right to terminate this Lease. All of the terms and conditions contained herein shall prevail throughout the term of this Lease."

H. Paragraph 1.9.A of the SFO is hereby deleted in its entirety. The Government currently occupies the Leased Premises.

I. For purposes of Paragraph 4.2.B.7 of the SFO, the real estate tax base for the Leased Premises shall be the real estate taxes for the time period from July 1, 2011 through June 30, 2012.

J. 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. As such, 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 the date on which 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."

K. For purposes of Paragraphs 4.2 and 4.3 of the SFO, as of the date of lease execution, the Government's percentage of occupancy is 5.862032% based on occupancy of 23,162 BRSF in a building of 395,119 BRSF. Evidence of payment of taxes shall be furnished as provided by Paragraph 4.2 C of the SFO. Any change in the percentage of occupancy or the amount of space shall be reflected in a Supplemental Lease Agreement.

L. For purposes of Paragraphs 4.3 of the SFO, as of the date hereof, the operating cost base is \$274,065.19 or \$11.83 per BRSF for 23,162 BRSF.

M. Pursuant to Paragraph 4.1, the "Common Area Factor" is determined to be 1.2123.

N. In connection with any subsequent build out of tenant improvements, the following limits on markups, fees, and design costs shall apply: Lessor's General Contractor's overhead and profit shall be [REDACTED] Lessor's overhead, profit, and other management fees shall not exceed [REDACTED], General Conditions shall be [REDACTED] and architectural/engineering

(including architectural, mechanical, electrical, plumbing and structural engineering services) costs shall not exceed

■ The combined total of the foregoing markups and fees shall not exceed ■<sup>(4)</sup>

O. Pursuant to paragraph 4.5 of the SFO, as part of the rental consideration set forth in Paragraph 3 of this SF2, services, utilities, and maintenance shall be provided daily, extending from 7:00 am to 6:00 pm, Monday through Friday, Saturdays 8:00 am to 1:00 pm, excluding Sundays and federal holidays ("Normal Hours Schedule"). The overtime HVAC rate for HVAC use beyond the above-referenced Normal Hours Schedule will be fair and reasonable and established once new building system are fully operational and in place. The foregoing overtime HVAC rates are inclusive of all labor, maintenance, service and engineering fees. The rental rate in Paragraph 3 of the Standard Form 2 included daytime cleaning as part of the rent.

P. Pursuant to paragraph 4.4 of the SFO, the adjustment to the rent for space previously occupied by the Government and then vacated is \$2.05 per BOASF.

Q. Paragraph 4.6 of the SFO is hereby amended by adding the following as the last sentence thereof:

"Nothing in this Paragraph may be construed to require the Lessor to provide services or utilities to accommodate the Government's regular use of the leased space outside of normal business hours for a second employee shift. If the Government institutes a second employee shift at the leased space outside of normal business hours for any period in excess of ten (10) consecutive business days, the base operating costs and annual rental shall be increased to include the increased operating costs resulting therefrom."

R. Paragraph 5.6 of the SFO is hereby deleted in its entirety.

S. Notwithstanding anything to the contrary contained in the SFO or elsewhere in this 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, such consent not to be unreasonably withheld. 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 this 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, reasonable wear and tear expected.

T. The Government shall reasonably cooperate with the Lessor and Lessor's Lender to make such modifications to this 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 this Lease, (ii) do not increase the costs to the Government in connection with this Lease, and (iii) are otherwise consistent with the purpose and intent of this 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 there under.

U. 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.

V. Notwithstanding anything to the contrary contained in Paragraph 8.2 of the SFO or elsewhere in this Lease, the Government may only request the report referenced in Paragraph 8.2 of the SFO at the cost to the Lessor one (1) time.

W. Notwithstanding anything to the contrary contained in Paragraph 8.3.A of the SFO or elsewhere in the Lease, the Lessor shall use commercially reasonable efforts to obtain the Energy Star label for the building within the first eighteen (18) months after Lease award. If, despite the Lessor's commercially reasonable efforts to obtain the same, the Lessor is unable to obtain the Energy Star label for the building, such failure will not constitute a default of the Lease and the exception contained in Paragraph 8.3.C.2 of the SFO shall apply.

X. Notwithstanding anything to the contrary contained in Paragraph 8.18.A of the SFO or elsewhere in this Lease, during the Renovations, the Lessor must ensure that at least one (1) elevator is available at all times for the Government's use.

Y. Notwithstanding anything to the contrary contained in Paragraph 9.9 of the SFO or elsewhere in this 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 this 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.

Z. Notwithstanding anything to the contrary contained in Paragraph 10.15.A of the SFO or elsewhere in this Lease, all parking serving the Leased Premises will be provided on a first-come, first-served basis.

AA. In the event of a conflict between this SF2 and any other documents that comprise the Lease, the SF2 shall govern.

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

- A. Floor Plans of the Leased Premises - 4 pages
- B. Solicitation For Offers No. 9DC2672 - 54 pages
- C. Fire Life Safety Evaluation - 7 pages
- D. Pre-Lease Security Report - 6 pages
- E. GSA Form 1217 - 2 pages
- F. GSA Form 3517 - 33 pages
- G. GSA Form 3518 - 8 pages
- H. Small Business Subcontracting Plan - 13 pages
- I. Attachment A: Description of Renovations
- J. Rider # 1 to SFO 9DC2672-1 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: JBG/L'Enfant Plaza Mezzanine, L.L.C., its Managing Member  
By: JBG/L'Enfant Plaza Member, L.L.C., its Managing Member  
By: JBG/Company Manager II, L.L.C., its Managing Member  
By: \_\_\_\_\_  
Name: **Steve Bonacci**  
Title: **Authorized Signatory**

IN PRESENCE

OF Kraig M. [Signature] ADDRESS 4445 Willard Avenue, Mayhew, MD 20815

UNITED STATES OF AMERICA

BY [Signature]  
CONTRACTING OFFICER