

DATE OF LEASE:

LEASE #GS-11B-02295

THIS LEASE, made and entered into this date between: CESC 1750 Pennsylvania Avenue L.L.C.

Whose address is: c/o Vornado/Charles E. Smith L.P.
2345 Crystal Drive
Suite 1000
Arlington, VA 22202-4801

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 **35,317 Rentable Square Feet (RSF)**, being **29,342 ANSI BOMA Office Area Square Feet (BOASF)**, (herein referred to as the Leased Premises), consisting of 9,617 BRSF (7,680 BOASF) hereinafter referred to as suite 801; 2,376 BRSF (1,897 BOASF) hereinafter referred to as suite 800; and 22,224 BRSF (18,665 BOASF) on the entire 13th Floor, as un-shaded on the attached floor plans made a part hereof; together with storage units S-1 and S-7 consisting of 734 RSF (734 BOASF) and 366 RSF (366 BOASF), respectively, as shown on the attached floor plan, in the building located at 1750 Pennsylvania Avenue, NW, Washington, DC, 20006-4510.

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 ten (10) YEAR FIRM term beginning on the February 1, 2012 and expiring January 31, 2022.

3. The Government shall pay the Lessor an annual rent of \$1,625,840.22 (\$55.41 / BOASF) (\$35.00/BOASF for 1,100 BOASF of storage space + \$56.20/BOASF for 28,242 BOASF office space) at the rate of \$135,486.69 per MONTH in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of \$328,630.40 (\$11.20 / BOASF), base real estate taxes, and \$58,684.00 to amortize a tenant improvement allowance of \$586,840.00 (\$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 \$1,481,428.46 to be applied against the monthly fully serviced rental payment until exhausted. Rent checks shall be payable to **CESC 1750 Pennsylvania Avenue L.L.C.**, at the address shown below:

CESC 1750 Pennsylvania Avenue L.L.C.
c/o Vornado/Charles E. Smith L.P.
P.O. Box 644116
Pittsburgh, PA 15264-4116

4. Government reserves the right to reduce the square footage under lease by removing the S-7 storage locker (366 RSF/366 BOASF) from the Leased Premises, with 120 days advance written notice to the Lessor. Such reduction of space and associated rent shall be memorialized by a Supplemental Lease Agreement.

5. Intentionally deleted.

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) Within 120 calendar days of the Government's execution of the Lease, 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.

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- b) Tenant Improvements: Upon completion of improvements in the Leased Premises by the Lessor and acceptance thereof by the Government, the cost of the improvements shall be memorialized in a Supplemental Lease Agreement (SLA) along with the amortization payment amount and revised rent. In the event the total cost of tenant improvements is greater or less than \$586,840.00, then the rent shall be adjusted accordingly (See SFO Section 3.3). Tenant improvements financed by the Lessor above \$20.00 / BOASF and up to \$42.08/BOASF shall be amortized at ten percent (10%) annual interest. Notwithstanding any provisions of the SFO to the contrary, the Government shall not amortize more than \$1,234,711.36 (\$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. The Government reserves the right to convert any unused portion of this allowance to additional rental abatement or to reduce the annual rent as set forth in Paragraph 3; any such action thus taken shall be memorialized by SLA along with the amortization payment amount and revised rent.
- c) The Government's percentage of occupancy for real estate tax purposes shall be 12.54%, based on 35,317 BRSF / 281,624 BRSF.
- 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, which shall be calculated as a percentage of the cost of the Government's improvements. The general contractor's total fees for overhead and profit shall not exceed 6% and the general contractor's fees for general conditions shall not exceed 3%. The Lessor's total construction management & coordination fees for the Tenant Improvements for the Government's space shall not exceed 3% and architecture & engineering fees, if any, shall not exceed \$4.89 / 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 \$56.31/hour. 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. If requested by the Government, the Lessor shall provide documentation, including but not limited to, an inventory of the equipment operated to provide overtime HVAC, past utility bills and other pertinent information as requested in support of the overtime HVAC rate.
- f) Pursuant to Exhibit B - "Supplemental HVAC Units", the Leased Premises includes eleven (11) supplemental HVAC units. The supplemental units consist of units that provide (i) supplemental cooling to the base building's HVAC systems, (ii) cooling to the Government's mechanical equipment in areas such as LAN rooms and telephone closets, and (iii) cooling to the Government's support spaces such as training rooms or conference rooms. As highlighted on Exhibit B, the Lessor at its sole cost and expense shall maintain and operate all HVAC units identified as "Lessor Responsibility". The Government at its sole cost and expense shall maintain and operate all HVAC units identified as Government Responsibility, and these units shall be separately metered for electrical consumption. Subject to the Government's receipt of a valid invoice from the Lessor, the Government shall twice per year reimburse the Lessor for invoiced electrical costs for those units identified as Government Responsibility. All "Lessor Responsibility" units shall be operated as deemed necessary by Lessor to maintain the HVAC specifications of the SFO during Normal Hours as defined in SFO paragraph 4.5. If the Government installs additional above standard Government equipment, in excess of what is currently in place, including but not limited to HVAC units to provide spot heating or cooling or to support extended hours of operation, then the Government shall be responsible for the cost to operate and maintain the additional equipment. If additional HVAC units are deemed necessary by Lessor to maintain the HVAC specifications of the SFO during Normal Hours as defined in SFO paragraph 4.5, then such additional units shall be operated and maintained at the expense of the Lessor.
- g) The Lessor shall not be required to pay any cooperating brokerage commission to the Government, or any broker acting on behalf of the Government, in connection with this lease.
- h) The Government's end users shall have the right to acquire up to 29 parking spaces in association with this Lease. Parking spaces shall be acquired via separate service contract between the Government's end users and the Lessor's parking contractor. Parking rates for the first year of the lease shall not exceed \$550 per month for reserved spaces or \$275 per month for non-reserved spaces. Beginning in the second year of the lease, and continuing every year thereafter, the rate for parking shall be escalated to market.
- i) The Lessor shall cause all cleaning within the Government's demised area to be performed between the hours of 8:30 a.m. and 4:30 p.m., Monday through Friday.

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(rev. 12/20/10)

- j) 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.
- k) Subject to the Lessor's installation of shatter resistant window protection, correction of fire safety deficiencies from paragraph 6A above, and repainting of the Leased Premises, the Government shall accept in "as is" condition the ceiling heights, ceiling system, lights, partitions, doors, outlets, and HVAC and sprinkler layout within the Leased Premises and the conditions of the common areas. The Lessor shall provide all such items in "good repair and tenantable condition" at the time of the Lease Commencement Date, and the Lessor shall maintain and repair the building shell and life safety systems in compliance with the standards set forth in the lease. In all other respects, the Lessor represents that the Building Shell shall during the term of this Lease meet the standards of the SFO; provided, however, if the Government elects to make alterations to the Leased Premises, and in the scope of those alterations an element of the Building Shell which is presently existing and functioning is required to be moved or altered, or is otherwise damaged or destroyed, then the cost and expense to move, alter, repair or replace said Building Shell item shall be borne by the Government.
- l) This lease agreement shall be contingent upon the concurrent execution by the Government of the leases presented by Lessor for lease numbers GS-11B-02288 and GS-11B-02294. The Government shall concurrently execute all three lease agreements.

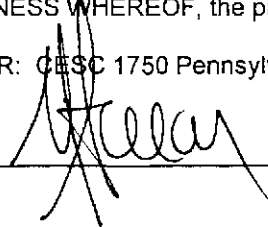
7. The following are attached and made a part hereof:

1. Exhibit A - Floor Plans of Leased Area, 3 pages
2. Exhibit B - Supplemental HVAC Units, 1 page
3. GSA Form 1217, Lessor's Annual Cost Statement, 1 page
4. Rider #1 - Fire & Life Safety, 6 pages
5. Rider #2 - Security Requirements, 1 page
6. Solicitation For Offers (SFO) # 11-DC, 55 pages
7. Solicitation Attachment #1, Rate Structure, 1 page
8. Solicitation Attachment #2, Construction Schedule, Below 92,000 BOMA OASF, 1 page
9. Solicitation Attachment #3, Scope of Work for DID's and Construction Schedule Tasks, 2 pages
10. Solicitation Attachment #4, Fire and Life Safety Report, 23 Pages
11. GSA Form 3517, General Clauses, 32 pages
12. GSA Form 3518, Representations and Certifications, 7 pages
13. Small Business Subcontracting Plan, 13 pages

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

LESSOR: GESC 1750 Pennsylvania Avenue L.L.C.

BY



TITLE: Executive Vice President

DATE: 6/15/2011

IN PRESENCE OF



ADDRESS: 2345 Crystal Drive, Suite 1000

Arlington, VA 22202

UNITED STATES OF AMERICA

BY



Mark Stadskey

CONTRACTING OFFICER, GSA, NCR

