

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

## U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE: August 27, 2011

LEASE #GS-11B-02284

THIS LEASE, made and entered into this date between Potomac Creek Associates, L.L.C.  
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.

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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 32,323 BOMA rentable square feet (BRSF) (such yielding approximately 27,229 BOMA office area square feet (BOASF)) consisting of the 4<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> floors of the building located at 470/490 L'Enfant Plaza, Washington, DC 20024, to be used for SUCH OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit A – Floor plan of leased premises).

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a four and a half (4.5) year term beginning on July 1, 2011 and expiring on December 31, 2015.

3. The Government shall pay the Lessor annual rent of \$1,537,605.11 (\$47.57 per BRSF) at the rate of \$128,133.76 per month in arrears. Rent for a lesser period shall be prorated. Rent shall be subject to annual Operating Expense Adjustments and Tax Adjustments during the Lease term as per the attached Solicitation for Offers. Rent checks shall be made payable to Potomac Creek Associates, L.L.C., 4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815 or in accordance with the provision for electronic transfer of funds.

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4. (Intentionally Deleted)

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5. The Government shall have one (1) option to renew the term of the Lease for an additional one (1) year period. The Government shall pay to the Lessor during such renewal term annual rent of (i) \$1,537,605.11, payable at the rate of \$128,133.76 per month in arrears, plus (ii) aggregate accrued operating costs during the original lease term. The Government will continue to make payments for operating cost adjustments uninterrupted during such renewal term as if such renewal term were part of the original term of the Lease. The Government shall exercise its renewal option, if at all, by providing the Lessor with written notice of the Government's intent to exercise such option at least two hundred seventy (270) days before the end of the original term of this Lease; 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. 12/2/2005)

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

A. Except as otherwise provided herein, all operating, repair and maintenance services and all utilities as required by SFO 9DC2625 attached hereto. Included as part of such operations and maintenance are all improvements, alterations and repairs as are necessary to ensure such services are provided. This lease is intended to be a full service lease. Notwithstanding the foregoing, the Lessor shall not be responsible for the cost to operate, repair or maintain any personal property of the Government.

B. The Lessor shall provide, as part of the rent set forth in Paragraph 3, all Building Shell Requirements including, but not limited to, full compliance with all fire and life safety requirements, as set forth in the attached Fire Protection and Life Safety Evaluation (Attachment #4) including the recommendations and findings of the GSA Fire Protection Engineering Section's review of the report (Rider #1), and full handicapped accessibility compliance throughout the Government demised area.

C. The Lessor shall provide to the Government a Tenant Improvement Allowance of \$272,290 (which represents \$10.00/BOASF x 27,229 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 one (1) year from the lease commencement date, 7/1/2011. The Government shall have the full latitude to direct disbursement of funds in accordance with the SFO or offset the Government's rental obligation to the Lessor. This Tenant Improvement Allowance is included in the rent, with the \$10.00/BOASF being amortized at a rate of 0% over the Lease term. If the Government does not utilize the entire Tenant Improvement Allowance included in the rent on or before June 30, 2012, the unused Tenant Improvements will be deamortized during the second (2<sup>nd</sup>) lease year by giving the Government a rent credit for the next month (and each subsequent month as necessary until fully deamortized) of the Lease term in an amount equal to the unused, amortized Tenant Improvement Allowance. The Government may not use any Tenant Improvement Allowance after June 30, 2012. 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 Offer," SFO Paragraph 3.3 "Tenant Improvement Rental Adjustment," and SFO Paragraph 5.2 "Tenant Improvement Pricing Requirements."

D. If the Lessor performs any tenant improvement work on behalf of, or at the request of, the Government, then the Government shall pay to the Lessor a management fee equal to 5% of the total cost of all of such work. If the Government performs the tenant improvement work, the Landlord or the Landlord's architect, contractor, or agent shall supervise such work and the Government shall pay to the Landlord a construction supervision fee equal to 3% of the total cost of all of such work.

E. Pursuant to Paragraph 3.3 "Tax Adjustment", the Government's percentage of occupancy within the subject building for the purpose of calculating future Tax Adjustments as provided by the Lease is 8.1806%. The total building square footage is determined to be 395,119 BOMA rentable square feet (330,291 BOMA Office Area Square Feet). 32,323 BRSF/ 395,119 BRSF.

F. Pursuant to Paragraph 3.5 "Operating Costs" and Paragraph 3.6 "Operating Costs Base", the Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments is \$347,575.09 (\$10.75/BRSF or \$12.76/BOASF). The Government requires daytime cleaning for this space, pursuant to paragraph 4.10 'Janitorial Services', and is included in the operating costs in the amount of [REDACTED]/BRSF (approximately [REDACTED]/BOASF).

G. Pursuant to Paragraph 3.8 "Common Area Factor", the Add-On Factor is determined to be 1.1871, as calculated: 32,323BRSF/27,229 BOASF.

H. Normal hours of operation are defined as 7AM to 6PM on Monday-Friday (except federal holidays) and 8 a.m. to 1 p.m. on Saturdays. Pursuant to Paragraph 7.3 'Overtime Usage', 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.

K. Paragraph 4 of this Lease has been intentionally deleted.

L. In the case of discrepancies between this SF2 and its attachments, this SF2 shall govern.

7. The following language are clarifications to the Lease:

A. 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

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(rev. 12/2/2005)

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.

- B. Notwithstanding anything to the contrary contained in the SFO or elsewhere in this Lease, the Government shall be responsible for maintaining, repairing, and replacing any special equipment installed by, or for the benefit of, the Government in, or servicing, the Leased Premises, including, but not limited to, dedicated/self-contained HVAC equipment, independent controls, special lighting fixtures, special storage systems, telecommunications equipment, computer equipment, vending facilities, audio-visual equipment, executive kitchens, additional bathrooms, conference room equipment, emergency power systems, special window coverings, modular or systems furniture, data equipment, additional security related equipment (including, but not limited to, magnetometers and x-ray machines), mail-handling equipment, appliances, and wiring related to any of the foregoing. The Government shall also be responsible for any increase in actual operating costs associated with any such special equipment located in, or servicing, the Leased Premises. The Government shall pay to the Lessor any such increase in actual operating costs within thirty (30) days of written demand therefor from the Lessor, which demand shall include evidence sufficient for the Government to reasonably verify such increase. The Lessor may, at its sole option, require that any such special equipment be submetered at the Government's sole cost and expense, in which event the Government shall be responsible for paying the cost of any utilities for such special equipment directly to the service provider(s) therefore.
- C. 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, parapet, or Building envelope. Installation and use of such equipment is subject to the prior written consent of the Lessor, such consent to be given or withheld in the Lessor's sole and absolute discretion. Installation and use of such equipment shall not interfere with the Building's systems or other tenants' use of the roof, parapet, Building envelope, or their premises. To the extent that the Government installs or uses any such 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.
- D. 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 installed by, or on behalf of, the Government 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.
- E. 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 thereunder.
- F. 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.
- G. BUSINESS IMPROVEMENT DISTRICTS (B.I.D.)  
a. For purposes of this solicitation:

LESSOR

GOV'T

(rev. 12/2/2005)

- i. "BID" means a Business Improvement District, Special Improvement District, or other specifically designed geographical area within a taxing jurisdiction 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.
    - ii. "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.
    - iii. "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). 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.
- H. 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.
- I. Paragraph 1.3 of the SFO is hereby deleted in its entirety and the following is inserted in lieu thereof:
- a. "The lease term is for a 4.5-year term, commencing on July 1, 2011 and expiring on December 31, 2015. GSA shall not have a right to terminate this Lease for convenience. All of the terms and conditions contained herein shall prevail throughout the term of this Lease."
- J. Paragraph 1.10.A of the SFO is hereby deleted in its entirety. The Government currently occupies the Leased Premises.
- K. Based on the information the Lessor has provided, 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 within thirty (30) days of substantial completion of the Renovations.
- L. Notwithstanding anything to the contrary contained in Paragraph 1.13.A of the SFO or elsewhere in this Lease, all improvements except the Renovations that are made in accordance with this Lease shall be tenant improvements. The parties hereby stipulate that the leased premises, as of lease execution, meet 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.

LESSOR

GOV'T

(rev. 12/2/2005)

- M. Notwithstanding anything to the contrary contained in Paragraph 2.4 of the SFO or elsewhere in this Lease, in no event will the Lessor be required to provide "swing space" to the Government under, or in connection with, this Lease. The Lessor will use commercially reasonable efforts to minimize interference with the Government's occupancy of the Leased Premises during performance of any work; provided, however, that the Lessor will not be responsible for any such interruption.
- N. 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.
- O. Paragraph 4.6 of the SFO is hereby amended by adding the following as the last sentence thereof:
- a. "The Government's access pursuant to this Paragraph is intended to allow for unscheduled or non-regular use of the leased space on an intermittent basis outside normal business hours. Nothing contained herein may be construed to require the Lessor to provide services or utilities to accommodate the Government's 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, the Lessor and the Government shall enter into a Supplemental Lease Agreement to increase the base operating costs and annual rental to include the increased operating costs resulting from the Government's use of the leased space outside of normal business hours for a second employee shift."
- P. Paragraph 5.6 of the SFO is hereby deleted in its entirety.
- Q. Paragraphs 5.9, 5.10, 5.11, and 5.12 are hereby deleted in their entirety. The Government shall remove all cabling and wiring from the Leased Premises immediately upon expiration or earlier termination of the Lease. In addition, the Government shall restore the Leased Premises to substantially the same condition as existed immediately before the installation of such cabling or wiring in, or the bringing of such cabling or wiring on, the Leased Premises, all at the Government's sole cost and expense.
- R. 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 per calendar year of the term of the Lease.
- S. 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.
- T. Notwithstanding Paragraph 8.16.A.4 of the SFO or elsewhere in this Lease, 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.
- U. 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) 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 at the sole risk and responsibility of 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.
- V. Notwithstanding anything to the contrary contained in Paragraph 10.13.D of the SFO or elsewhere in this Lease, all parking serving the Leased Premises will be provided on a first-come, first-served basis. Notwithstanding the foregoing, the Government may separately contract with the Lessor or the Lessor's garage operator for up to three (3) reserved parking spaces in the garage serving the Building. For each such reserved parking space, the Government shall pay to the Lessor or the Lessor's garage operator, as applicable, the then-current market rate for a reserved parking space that is being charged by the Lessor or the Lessor's garage operator, which market rate may be adjusted from time to time in the Lessor's sole and absolute discretion.

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

A. Exhibit A - Floor plans of the Leased Area - 12 pages

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(rev. 12/2/2005)

- B. Solicitation for Offers #9DC2625 - 51 pages  
C. Attachment A-Description of Renovations - 2 pages MM/MD  
D. Attachment #1 -Proposal to Lease Space- 2 pages  
E. Attachment #4 to the SFO "Fire and Life Safety Evaluation" - 8 pages 23  
F. Rider #1- Fire Protection Engineer's Findings and Recommendations- 8 pages MM/MD  
G. Attachment #2 to the SFO "Prelease Building Security Plan"- 6 pages  
H. GSA Form 1217 "Lessor's Annual Cost Statement" - 2 pages  
I. GSA Form 3517B - 33 pages  
J. Rider #2-Negotiated Deviations from GSA Form 3517- 2 pages  
K. GSA Form 3518 - 7 pages  
L. Small Business Subcontracting Plan -15 pages  
M. Rider #3 - Fire Protection/Life Safety Accessibility - 2 pages MM/MD

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

LESSOR: Potomac Creek Associates, L.L.C.

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

TITLE

Steve Bonacci  
Authorized Signatory

IN PRESENCE OF

ADDRESS: 4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815

UNITED STATES OF AMERICA

BY

CONTRACTING OFFICER, GSA, NCR

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