

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

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

7/14/2010

LEASE # GS-11B- 02202

THIS LEASE, made and entered into this date between: **SQUARE 537 ASSOCIATES LLC,**

Whose address is: 7500 Old Georgetown Road
Bethesda, Maryland 20814-6195

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 **10,393 BOMA Rentable Square Feet (BRSF)** [yielding **8,661 ANSI BOMA Office Area Square Feet (BOASF)**] of office and related space, located on the 6th floor and being suite 610, as determined in the Lessor's discretion, in the new office building known as Capitol View, located at 425 3rd Street SW, Washington DC 20024 - 3206. To be used for OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit "A", hatched area of the floor plans).

2. TO HAVE AND TO HOLD said premises with their appurtenances for a Five (5) Year Firm term beginning on the lease commencement date determined in accordance with section 3.18 "Construction Schedule of Tenant Improvement" of the SFO, and ending five (5) years later.

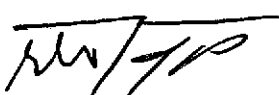
3. The Government shall pay Lessor a total annual rent of **\$476,441.61 (\$45.84/BRSF (\$45.8425488), which is equivalent to \$55.01/BOASF)**, at the rate of **\$39,703.47** per MONTH paid in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of **\$107,569.62** equal to **\$12.42/BOASF (\$11.47/BOASF + \$.95/BOASF for daytime cleaning)**, base year real estate taxes, and **\$34,644.00** to amortize a tenant improvement allowance of **\$173,220.00 (\$20.00 /BOASF)** at zero percent (0%) annual interest. The operating cost base includes the daytime cleaning premium of **\$.95 /BOASF**. Payment of CPI adjustments to operating costs and adjustments for real estate taxes shall be made by the Government in accordance with SFO # 07-014. Notwithstanding the foregoing, payment by Government of the first Twelve (12) months of rent for the office portion of the lease exclusive of the additional charge for daytime cleaning shall be abated in the sum of **\$468,213.66** as further set forth in paragraph 6.c below. Further, the Government shall be entitled to abatement of shell rent in the total amount of **\$206,014.01** in lieu of an 11% Cooperating Brokerage Commission due to the Government applied as set forth in Paragraph 6.c below. The Government's percentage of occupancy for real estate tax purposes shall be **4.56%** based on **10,393 RSF /227,831 RSF**, subject to confirmation of the total rentable area of the building. Rent checks shall be made payable to: Square 537 Associates LLC, c/o CB Richard Ellis, P.O. Box 1000, Dept. 197-1518, Memphis, TN 38148-0197.

4. The Government may terminate this lease at any time by giving at least _____ days notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the day of mailing.

5. The Government shall have the right to one (1) renewal option for a _____ firm term at an annual rental rate _____, which is equivalent to _____ at the rate of _____ per month in arrears, plus cumulative and continuing operating expense adjustments from the initial lease term (i.e., accrued operating expense adjustments are not included in the specified rental rate for the renewal term). Rent shall continue to be adjusted for operating cost escalations as provided in SFO 07-014. The Government shall continue to make annual lump sum adjustments for changes in real estate taxes as provided in SFO section 3.5, using the base year established for the initial firm term. 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 the renewal term. Said notice shall be computed commencing the day after the date of mailing.

LESSOR  GOVT 

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) **FIRE & LIFE SAFETY:** Notwithstanding any other provision of the Lease, prior to substantial completion of the leased premises, the Lessor shall correct all deficiencies and comply with all recommendations and findings of the completed Fire Protection & Life Safety Evaluation Report (SFO Attachment #4) prepared by a Certified Fire Protection Engineer, as well as the recommendations and findings of the GSA Fire Protection Engineering Section's review of Attachment #4 which are set forth in Rider No.2 attached hereto.
- b) **TENANT IMPROVEMENTS:** The annual rental rate recited in paragraph 3 includes amortized Tenant Improvement Allowance (TIA) of \$173,220.00 (\$20.00 / 8,661 BOASF). The TIA is amortized in the rent at an annual interest rate of 0% (zero percent) per annum over the firm term of the lease. The Government shall have the right to repay the TIA via lump sum payment to the Lessor as additional rent. In addition to the noted Tenant Improvement Allowance included in the rent, the Government shall have the right to amortize into the rent up to an additional \$191,061.66 of tenant improvement funds at an annual amortization rate of 4.25%. Upon completion of tenant improvements and acceptance thereof by the Government a Supplemental Lease Agreement (SLA) shall be executed by both parties memorializing the amount of tenant improvement funds used by the Government, the payment method and any change in the rental payment. The schedule for design and construction of Tenant Improvements as described in the SFO and Attachments shall commence with the Government's delivery to the Lessor of the final Program of Requirements to the Lessor, which delivery shall occur within five (5) calendar days of full execution of the lease. Any failure by the Government to provide the Lessor with the final Program of Requirements within the specified five-day period will constitute delay on the part of the Government.
- c) **RENT ABATEMENT:** Notwithstanding anything in the lease to the contrary, the parties have agreed to twelve (12) month's rent abatement exclusive of the additional charge for daytime cleaning in the sum of \$468,213.66, and an additional abatement in the sum of \$206,014.01 in lieu of an 11% Cooperating Brokerage Commission which shall be applied as a credit against the base rent during months thirteen (13) through twenty (20) of the lease. Rent abatement shall be in the form of a rent credit, which shall be applied to the monthly installment rent due until such amount is applied in its entirety. The Government certifies that it has not engaged a broker to represent its interests in this transaction. The schedule of monthly rental abatement and monthly rental payment shall be as follows:
- Months one (1) through twelve (12) - the monthly rent shall be \$685.66. The Government will receive abatement of rent in the amount of \$39,017.80 per month, which is exclusive of \$0.95/BOASF for daytime cleaning.
 - Months thirteen (13) through nineteen (19) - the monthly rent shall be \$11,851.14. The Government will receive a full abatement of base rent in the amount of \$27,852.33 per month, which is exclusive of (i) \$0.95/BOASF for daytime cleaning, (ii) operating costs, (iii) real estate taxes and (iv) amortization of the included \$20.00/BOASF of TI.
 - Month twenty (20) - the monthly rent shall be \$28,655.79. The Government will receive a partial abatement of base rent in the amount of \$11,047.68, which is exclusive of (i) \$0.95/BOASF for daytime cleaning, (ii) the remainder of base rent in the amount of \$16,804.65, (iii) operating costs, (iv) real estate taxes and (v) amortization of the included \$20.00/BOASF of TI.
 - Month twenty one (21) through the remainder of the firm term of the lease - the monthly rent shall be \$39,703.47 per month.
- The monthly rents described in this paragraph shall be in addition to continued and ongoing CPI increases in operating costs and adjustments for real estate taxes as provided for in the SFO.
- d) Pursuant to paragraph 7.0 of the SFO: services, utilities and maintenance shall be provided daily, extending from 7:00 AM to 6:00 PM, except Saturdays, Sundays and federal holidays. The rate for overtime HVAC service to the premises governed by this lease shall be \$40.00 for the leased premises per hour, beyond normal hour schedule. These rates shall escalate in a manner consistent with, the Operating Cost Escalation, in paragraph's (3.7 & 3.8) of the SFO.
- e) **DAYTIME CLEANING:** The rate for daytime cleaning is an additional \$.95 per BOASF which is included in the rent, and shall take place during normal business hours.
- f) The general contractor's total fees for overhead and profit shall be 4%, the total fees for general conditions shall be 5% and the total fees for construction management/coordination fees shall be 1%. Architectural and engineering fees, if any shall not exceed \$3.45 per BOASF for the included \$20.00/BOASF of TI. Any such fees will be paid for out of the tenant improvements allowance.
- i) The Government's right to substitute a different governmental tenant agency shall be limited to agencies that will not deviate from the general office and related space purposes for which the Government intends to use the Premises; are not military or police enforcement agencies where weapons may be brought into the building; do not require increased access by the general public; will not increase the security requirements to be provided by Lessor for the Premises or the building; and shall be subject to the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed. The Government shall pay any increase in costs associated with the substitution of a Government agency or agencies, if applicable.

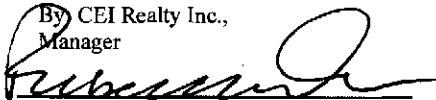


- j) Notwithstanding anything to the contrary contained elsewhere in this Lease or any documents incorporated herein, the core factor for this Lease is 1.2000.
- k) The Lessor's obligation to paint public areas at least every three (3) years shall only apply to the public areas on the floor of the building occupied by the Government under this Lease.
- l) The Rent Commencement Date shall be the date of Premises acceptance made by the Government. However, should a Government or Lessor delay occur, then the Rent Commencement Date shall be established using the absolute value of the number of days of one party's delay, minus the number of days of the remaining party's delay, if any, to equal the total number of days the Rent Commencement Date shall be prior to (in the case of a Government delay) or after (in the case of a Lessor delay) the date of acceptance of the Premises. The Lease Commencement Date shall be the date the Government actually accepts the Premises. Any rent paid by the Government prior to acceptance of the Premises shall be adjusted to include a "Vacant Premises Credit." For the purposes of implementing Paragraph 3.15 of the SFO of the Lease, the parties agree to a Vacant Premise Credit of \$1.25/BOASF.
7. The following are attached and made a part hereof:
- 1) SOLICITATION FOR OFFERS (SFO) #07-014, 52 PAGES
 - 2) SECURITY RIDER # 1, 1 PAGE
 - 3) FIRE & LIFE SAFETY RIDER # 2, 1 PAGE
 - 4) ATTACHMENT #1 TO THE SFO, RATE STRUCTURE, 1 PAGE
 - 5) ATTACHMENT #2 TO THE SFO, CONSTRUCTION SCHEDULE, 1 PAGE
 - 6) ATTACHMENT #3 TO THE SFO, SCOPE OF WORK, 2 PAGES
 - 7) ATTACHMENT # 4, FIRE AND LIFE SAFETY REPORT, 16 PAGES
 - 8) SMALL BUSINESS SUBCONTRACTING PLAN, 13 PAGES
 - 9) GSA FORM 1217 LESSOR'S ANNUAL COST STATEMENT, 1 PAGE
 - 10) GSA FORM 3517B GENERAL CLAUSES, 33 PAGES
 - 11) GSA FORM 3518 REPRESENTATIONS AND CERTIFICATIONS, 4 PAGES
 - 12) FLOOR PLAN "EXHIBIT A" 1 PAGE
8. In the event of a conflict between the terms of this SF-2 and the SFO or its attachments, the terms contained in this SF-2 shall prevail.

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

LESSOR: Square 537 Associates LLC,

By CEI Realty Inc.,
Manager


By:

SENIOR VICE PRESIDENT
Title

IN PRESENCE OF

Chris Andrews
Name:

Address 7500 Old Georgetown Road, Bethesda, Maryland
20814-6195

UNITED STATES OF AMERICA

BY


JAMES J. PHELAN

TITLE

CONTRACTING OFFICER, GSA, NCR,

STANDARD FORM 2

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