

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: 5-27-2010 LEASE #GS-11B-02178

THIS LEASE, made and entered into this date between **425 Eye Street NW, L.P.**
whose address is c/o Paramount Group, Inc.
1633 Broadway, Suite 1801
New York, NY 10019

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 285,434 BOMA Rentable Square Feet (BRSF) (yielding approximately 248,432 ANSI/BOMA Office Area Square Feet (ABOA)) and consisting of 13,415 BRSF (yielding approximately 12,867 ABOA) located on a portion of the 1st floor, 53,059 BRSF (yielding approximately 45,793 ABOA) located on the entire 2nd floor, and 54,740 BRSF (yielding approximately 47,443 ABOA) located on each of the entire 3rd, 4th, 5th, and 6th floors in the building located at 425 Eye Street, N.W., Washington, DC 20001 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). The Federal Government shall be the only tenant on floors 2 through and including 6 of the building.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term commencing in accordance with the terms of Solicitation for Offers SFO # 9DC2269-1 (SFO) attached as Attachment B, including SFO paragraphs 1.9 and 5.12, and General Clauses 13 and 21, and continuing for a term of 10 years from the Lease commencement date, unless sooner terminated in accordance with paragraph 4 of this Standard Form 2. The commencement date shall be established in accordance with the SFO in a Supplemental Lease Agreement.

3. The Government shall pay the Lessor annual rent of \$12,273,662.00 (\$43.00/BRSF; \$49.40/ABOA) at the rate of \$1,022,805.17 per month in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to: **425 Eye Street, NW, L.P.**, P.O. Box 11550A, New York, NY 10286-1550, or in accordance with the provision on electronic payment of funds. Notwithstanding the foregoing, the Government shall be entitled to abatement of rent in the total amount of \$12,404,427.64 for the firm term of the lease applied as follows: (a) a portion of the monthly shell rent for the first and second full months of the first year of the lease shall be abated by \$576,785.40 each for a total of \$1,153,570.80 as more fully set forth in paragraph 6(C) below; (b) the seventh through the twelfth month of the first year of the lease shall be abated entirely (including operating costs) or by \$6,136,831.02; and (c) the eighth through the twelfth month of the second year of the lease shall be abated entirely (including operating costs) or by \$5,114,025.85 (plus operating cost adjustments). In addition, if the lease is not terminated at the end of the seventh year, rent shall be abated in its entirety by an additional \$17,387,687.89 (plus operating costs adjustments) as follows: (d) the rent for months two through twelve of the eighth year of the lease shall be abated in its entirety in the amount of \$11,250,856.87 (plus operating cost adjustments) and (e) the rent for months seven through twelve of the ninth year of the lease shall be abated in its entirety in the amount of \$6,136,831.02 (plus operating costs adjustments).

4. The Government may terminate this Lease effective as of the expiration of the seventh (7th) year of the Lease upon 270 days prior written notice and without payment of any termination fee or penalty of any kind. Said notice shall be computed commencing with the day after the date of mailing. No rental shall accrue after the effective date of termination.

5. (Intentionally Deleted)

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

A. 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. There is no Tenant Improvement Allowance included in the rent (except to the extent that the Government utilizes the Warm Lit Shell Credit). Unless otherwise agreed upon in writing and signed by the Contracting Officer, all initial Tenant Improvements shall be funded by lump sum in accordance with SFO Subparagraph 3.3.A.1 which shall be paid to Lessor upon substantial completion and acceptance of the space. Any credit that results from the exercise of the Warm Lit Shell Credit of SFO Subparagraph 1.2.D shall be used to reduce the amount of the lump sum payment otherwise required above. All Tenant Improvements required for occupancy shall be performed by Lessor, and all improvements shall meet the quality and performance standards and requirements of the SFO and its attachments, including the Government's Program of Requirements (Attachment L hereto). The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in SFO Paragraph 5.3 "Tenant Improvements Pricing Requirements." In accordance with SFO Subparagraph 3.5.B.2, within 15 days of award, Lessor shall provide the names and qualifications for at least two proposed construction contractors for approval by the Government. Lessor may contract with any of the approved contractors provided that competition at the subcontractor level for each trade shall meet the requirements of the SFO.

C. In accordance with Paragraph 2.5 "Broker Commission and Commission Credit" of the SFO, Studley, Inc. is the authorized real estate broker representing GSA in connection with this Lease transaction. The Lessor and Studley, Inc. have agreed to a cooperating lease commission of [REDACTED] of the lease value for the seven year firm term. The total amount of the commission is [REDACTED]. In accordance with the "Broker Commission and Commission Credit" paragraph, Studley, Inc. has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be paid as free rent in equal monthly installments of [REDACTED] during the 1st and 2nd full months of the first year of the lease. The Lessor agrees to pay Studley, Inc., 555 13th Street, N.W., Suite 420 East, Washington, DC 20004, the Commission less the Commission Credit in the lump sum amount of [REDACTED], which shall be due to Studley, Inc. upon execution of this lease by the Government and payable within 30 days of the receipt of an invoice.

Notwithstanding Paragraph 3 of the Standard Form 2, the shell portion of the rental payments due and owing under this Lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the First Full Month of the Lease term and continue as indicated in this schedule for adjusted Monthly Rent:

First Full Month's Rental Payment of \$1,022,805.17 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Full Month's Rent; and

Second Full Month's Rental Payment of \$1,022,805.17 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Full Month's Rent.

In addition to the abatement of rent from the Commission Credit, rent for 28 full months of the lease term (inclusive of operating costs) in the total amount of \$28,638,544.76 plus operating costs adjustments shall be abated in its entirety as set forth above.

D. For purposes of Paragraphs 4.2 and 4.3 of the SFO, the Government's percentage of occupancy is 77.63%, based on occupancy of 285,434 BRSF in a building of 367,677 BRSF. Evidence of payment of real estate taxes shall be furnished as provided by Paragraph 4.2(C)(9) of the SFO.

E. For purposes of Paragraphs 4.3 of the SFO, as of the date hereof, the operating cost base is \$2,338,189.99 or \$8.191701 per BRSF for 285,434 BRSF.

F. Pursuant to Paragraph 3.10 "Common Area Factor", the Add-On Factor is determined to be 1.148942165, calculated as follows: 285,434 BRSF/248,432 ABOA.

G. In connection with the initial and subsequent buildout of Tenant Improvements, the following limits on markups, fees, and design costs shall apply: General Conditions shall not exceed 5%, General Contractor's combined overhead and profit shall be 3%, Lessor's overhead, profit, and other management fees shall be 3%, and architectural/engineering (excluding Design Intent Drawings (DIDs), but including all other architectural, audio/visual, telecommunications, security, mechanical, electrical, plumbing, and structural design and engineering

services) costs shall be \$4.06/ABOA, and \$5.71/ABOA if DIDs are included. The combined total of the foregoing markups and fees shall not exceed 11% plus the architectural fees above for Tenant Improvement Pricing of up to \$80.00/ABOA. These markups and architectural fees are all subject to the right of the Government and Lessor to reasonably negotiate lower individual markups based upon the actual scope of work of the requirement. In evaluating the reasonableness of the price for Tenant Improvements under Paragraph 5.3 of the SFO, the Government may consider the timing of the payment for those Tenant Improvements. Unless the Government elects to require the Lessor to prepare DIDs, the Government shall be responsible for preparing DIDs using its own, in-house resources and at its sole expense. The cost to provide slab penetrations as required by SFO Paragraph 1.2 (F) is \$74,301.20 or \$0.30/ABOA and will be paid for by the Government. Notwithstanding the floor plans attached as Attachment A showing otherwise, the location of the slab penetrations and the 10,000 sf. ft. of augmented floor loading required by SFO Paragraph 1.2 (J) shall be subject to the approval of the Government.

H. Pursuant to Paragraph 1.2(D) of the SFO, the Warm Lit Shell Credit, which shall be applicable only to the BOMA office area portion of the Leased premises, shall be \$5,383,496.96 or \$21.67 per ABOA. The Government hereby exercises its option to take the Warm Lit Shell Credit in lieu of the building shell items listed in Paragraph 1.2(D) of the SFO. The Government may, at its option, exercised in writing at anytime prior to occupancy, convert all or part of the rental abatement for the Seventh Month of the First Year of the Lease to an equivalent amount of an additional credit that shall be immediately available and applied in the same manner as the Warm Lit Shell Credit. Lessor agrees that all exterior windows of the building shall meet the specification attached as Attachment P.

I. Pursuant to paragraphs 4.5 and 4.7 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 5:00 pm, Monday through Friday, excluding Saturdays, Sundays and federal holidays ("Normal Hours Schedule"). Overtime beyond the above-referenced Normal Hours Schedule for overtime HVAC shall be provided at rates of (i) \$71,756.55 per year for regular overtime HVAC throughout the entire leased premises for the additional two hours of 6:00 am -7:00 am and 5:00 pm - 6:00 pm, Monday through Friday ("Regular Overtime") or (ii) an initial start up cost (including the first zone) of \$102.84 plus \$9.74 per additional hour per zone (four zones per floor) for usage beyond the Normal or Regular Overtime. There is a three hour minimum usage for weekend and holidays. The foregoing overtime HVAC rates shall escalate at the rate of 3% per year. The foregoing overtime HVAC rates are inclusive of all labor, maintenance, service and engineering fees. Notwithstanding the hours of HVAC service, the Government shall have access to the leased space and appurtenant areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, toilets, lights, and electric power. If the Government elects to require Daytime Cleaning as set forth in SFO Paragraph 4.8, the additional charge shall be \$0.09/ABOA which shall be added to the rent and operating costs. The back-up generator required by SFO Paragraph 1.2(I) shall be located as shown on the floor plans, Attachment A hereto.

J. The adjustment to the rent for space previously occupied by the Government and then vacated shall be \$2.20/ABOA.

K. During the term of this lease, the Government, including Government employees occupying the leased premises, may purchase individual permits separate and apart from the rent due under Paragraph 3 hereof to lease up to 190 parking permit located in the building's underground parking garage at annual rates of \$2,700 per non-reserved permit and \$6,000 per reserved space.

L. A copy of SFO Attachment -Fire Protection and Life Safety Evaluation (FPLSE) is attached as Attachment C. Upon request of the Government, Lessor agrees to furnish an updated Fire Protection and Life Safety Evaluation. Lessor shall ensure and provide as necessary at Lessor's expense, all Fire and Life Safety improvements required by this SFO to ensure that the building meets all local and national codes including NFPA 101. Exit separation shall be in accordance with the terms of the Lease and the FPLSE. Lessor agrees to make, at its expense, the improvements or corrections specified as part of the FPLSE and as recommended by GSA fire safety review, attached as Rider No 1 to this SF2. All improvements must be made prior to the Government's acceptance of space, and confirmed by the Fire Safety Engineer within 90 days following occupancy.

M. The Lessor shall operate a shuttle service as set forth in the attached Shuttle Plan at no cost to the Government. Lessor agrees to use commercially reasonable efforts to obtain signage and a weather protected shelter for the shuttle at the Metrorail Station. A copy of the Shuttle Operation Plan including supplemental letter is attached as Attachment M.

N. Paragraph 1.2(M) of the SFO requires that Lessor achieve a LEED-CI Certification. Lessor has furnished a LEED Scorecard, attached as Attachment D. In the event that any specific decision or decisions by the Government with respect to the tenant improvements is inconsistent with the LEED Scorecard on Attachment D, Lessor shall so inform the Government in writing and present reasonable alternatives that are compliant, including

obtaining alternative points. The Government may elect to proceed with its decision notwithstanding the notice by Lessor of its inconsistency with the LEED Scorecard. In that event, Lessor shall be relieved of the requirement to obtain LEED-CI Certification provided that Lessor has obtained all of the other required points set forth on the Scorecard, and not obtained a sufficient number of the alternative points. Alternative points are the ones shown on the Scorecard in the column marked with "?", but not counted upon to obtain a LEED-CI Certification. Any specific decision or decisions by the Government with respect to the Tenant Improvements that is inconsistent with the LEED Scorecard shown on Attachment D and that result in schedule delay for the design, construction and delivery of space shown in Attachment N unless offset by earlier completion of the Government's other responsibilities within the schedule shall constitute "Government Delay" pursuant to Paragraph O of this document.

O. Lessor and the Government have agreed to a schedule for the design, construction and delivery of space that is consistent with the terms and the timeframes set forth in the SFO. The agreed upon schedule is attached as Attachment N. The start date for the initial task shall commence upon the full execution of this Lease. The start dates for all subsequent tasks shall adjust accordingly with the durations for each task remaining the same. Should either the Government or the Lessor fail to discharge their responsibilities as defined herein within the time allocated under the agreed upon construction schedule, such failure shall constitute "delay," unless it is Excusable Delay. Delay caused by either party may be offset by the early completion of that party's other responsibilities within the schedule. The absolute value of the number of days of one party's delay minus the number of days of the remaining party's delays shall equal the total number of days of delay for a given stage of the schedule. Delay in substantial completion shall then be attributable to the party having caused the greatest number of days of delay and shall be termed either "Government Delay" or "Lessor Delay" as appropriate. If Government Delay occurs, then the rent commencement date shall be the same number of days earlier than the acceptance date as the number of days of Government Delay. Any rental paid by the Government prior to actual occupancy shall be less the cost for variable services and utilities not provided to the premises. In any event, the Government will not be required to accept space and commence rent prior to the original date as indicated in the "Occupancy Date" paragraph of the SFO, unless otherwise agreed to by the Government. Each day of Lessor Delay will be governed by Paragraph 5.7 of the SFO. Following lease award the parties will meet and negotiate in good faith in an attempt to agree upon a revised schedule that achieves, at no additional expense to either party, a final completion date which might be sooner than is set forth in the schedule attached to the Lease as Attachment N. Absent such an agreement, Attachment N will govern.

P. Prior to exercising a right to terminate the Lease under General Clause 11 or 16(a) or any other provision of the Lease, the Government will provide Lessor with written notice of the claimed default and use reasonable efforts to provide the notice to one lender as identified by Lessor as its lender (as long as the Government is provided with the address for notification to the Lender), which notice shall provide Lessor and/or its Lender with at least a thirty (30) day period in which to cure the default. In addition, prior to exercising a right to terminate the Lease under General Clause 11 or 16 (a) (1), or any other provision of the Lease, the Government shall provide Lessor and its Lender with such additional time to cure the default as is necessary provided that Lessor shows to the reasonable satisfaction of the Government that (1) it is diligently prosecuting the work required to cure the default, and (2) the default will be cured within a reasonable period of time, not to exceed a total of ninety (90) days, as determined by the Government. Any such additional time to cure the default shall be conditioned upon Lessor's continuing to diligently pursue the cure of the default throughout the period and upon a demonstration by the Lessor to the reasonable satisfaction of the Contracting Officer through the submission of a detailed schedule and construction management plan (including, if necessary, the use of double shifts, overtime, expedited shipping, and other appropriate acceleration strategies) that the default can be cured within a reasonable period of time which shall not exceed 90 days. Notwithstanding the opportunity to cure a default as provided herein, Lessor shall remain liable for any damages that result from its failure to perform its obligations in accordance with the Lease. Notwithstanding anything else in this Subparagraph P, if the default is of a health or life threatening nature, this Subparagraph P shall not apply and the Government may exercise its rights as stated in General Clauses 11 and/or 16(a) or other provisions of the Lease.

Q. In considering consenting to a proposed assignment under General Clause 2, the Lessor may consider the creditworthiness of the proposed assignee in relationship to the Government's creditworthiness, and the proposed assignee's intended use of the space in giving or withholding consent.

R. In accordance with SFO Subparagraph 3.3.A.1, and paragraph 6(B) of this SF-2, the Government is not required to pay for Tenant Improvements until substantial completion and acceptance by the Government. Notwithstanding this provision, the Government agrees to consider an alternative payment method, provided that the method complies with 41 U.S.C. 255(d) and FAR Part 32, and is approved by the Government in accordance with applicable laws and regulations. Any alternative payment method and related terms will be memorialized in a Supplemental Lease Agreement. The Government's willingness to consider an alternative payment method shall not be considered an obligation to make such payments.

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

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

- A. Floor Plans of the Leased Premises - 6 pages
- B. Solicitation For Offers No. 9DC2269-1 - 60 pages
- C. Fire Life Safety Evaluation - 12 pages
- D. LEED CI Scorecard - 3 page
- E. Pre-Lease Security Report - 9 pages
- F. Seismic Certificate - 1 page
- G. GSA Form 1217 - 1 page
- H. GSA Form 3517B revised to include ARRA clauses - 38 pages
- I. GSA Form 3518 - 7 pages
- J. Small Business Subcontracting Plan 13 pages
- K. Security Unit Price List 2 pages
- L. Program of Requirements - 221 pages
- M. Shuttle Operations Plan (including supplemental letter) - 76 pages
- N. Design and Construction Schedule - 1 page
- O. Rider No. 1- Fire Life Safety Recommendations- 1 page
- P. Product Specification for Exterior Windows- 2 pages

8. The following changes were made in this Lease prior to its execution:

Paragraph 5 has been deleted in the entirety.

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

Lessor: **425 Eye Street NW, L.P.**

By: By: PGREF I 425 GP, Inc., its general partner

By: 
Jolanta K. Bott, Vice President

IN PRESENCE

OF Andrea Fallon ADDRESS 

UNITED STATES OF AMERICA

BY 
CONTRACTING OFFICER