

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

**U.S. GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE: 12/13/11

LEASE # LMD12511

THIS LEASE, made and entered into this date between Silver Spring Metro Center, LLLP

Whose address is: c/o Foulger-Pratt
9600 Blackwell Road, Suite 200
Rockville, MD 20850

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 285,118 BOMA rentable square feet (BRSF) equivalent to 277,622 ANSI/BOMA Office Area square feet (ABOA SF) of office and related space, consisting of the entire 1st through 18th floors (excluding retail) as noted on the attached floor plan, "Exhibit A" and made part hereof, in the building known as Silver Spring Metro Center 2, located at 1325 East-West Highway, Silver Spring, MD 20910 ("Building").
2. TO HAVE AND TO HOLD the said premises with their appurtenances for a fifteen (15) year firm term commencing in accordance with the terms of Solicitation for Offers No. 9MD2197 (SFO) on January 1, 2014 and ending on December 31, 2028.
3. The Government shall pay the Lessor annual rent of \$9,155,138.98 (\$32.11 per BRSF or \$32.98 per ABOA SF) payable at a rate of \$762,928.25 per month in arrears for years one (1) through fifteen (15). Rent for a lesser period shall be prorated. This rent is inclusive of a Tenant Improvement Allowance, a base for operating expenses (minus electricity) and real estate taxes and shall be subject to operating expense and real estate tax adjustments during the lease term pursuant to the attached SFO. Rent checks shall be made payable to: Silver Spring Metro Center LLLP, c/o Foulger-Pratt, 9600 Blackwell Road, Suite 200, Rockville, MD 20850 or in accordance with the provisions of electronic payment of funds.
4. (Intentionally Deleted)
5. (Intentionally Deleted)
6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:
 - A. All services, improvements, alterations, repairs, and utilities as defined by this lease. For purposes of clarification, this lease is net of electricity only, which is separately metered and paid by the Government directly to the utility companies. The cost of all other utilities as noted on the 1217 and serving the Government's premises and utilities servicing the building common areas are included in the base rate of operating costs established herein and as further defined in Section 4.3 of the SFO.
 - B. The Lessor shall provide to the Government a Tenant Improvement Allowance of \$5,552,440.00 (\$20.00 per ABOA SF). Up to \$1,500,000 of the total combined Allowance for Lease Numbers LMD12513, LMD12512, and LMD12511 shall be available in total for all of Silver Spring Metro Center, immediately upon execution of this Lease, with the remainder available 90 days after lease execution. The allowance shall be held by the Lessor until directed by the Government on how the disbursement of funds shall occur. The Government shall have the full latitude to direct disbursement of funds in accordance with the SFO. This Tenant Improvement Allowance is included in the rent, with the \$20.00 per ABOA SF being amortized at a rate of 0.0% over the fifteen (15) year


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term of the Lease. If the Government does not utilize the entire Tenant Improvement Allowance included in the rent, the rent shall be adjusted downward using the 0.0% amortization rate. If Government determines not to utilize the entire Tenant Improvement Allowance, Lessor shall be sent written notification and the reduction in rent resulting from such deamortization shall be made over the remaining term of the lease.

Notwithstanding SFO Section 1.12, the extent of "Demolition" proposed to be provided by the Lessor at its expense is only such demolition as may be required in order to facilitate the work stipulated as Lessor-provided work in this SF2 and its attachment and shall not include any demolition to facilitate Tenant Improvement items.

- C. For purposes of Paragraph 4.2 of the SFO, as of the date hereof, the Government's percentage of occupancy for tax purposes is 98.70%, based on occupancy of 285,118 BRSF in a building of 288,881 BRSF.
- D. The base amount for operating costs adjustments is \$1,463,804.00 (\$5.13 per BRSF) which shall be adjusted annually by the CPI in accordance with Paragraph 4.3 of the SFO. Any increase in operating cost associated with the leased premises as a result of a change in or addition to requirements or specifications shall be paid for by the Government. The base amount does not include the cost of electricity, which is separately metered and paid directly by the Government.
- E. Notwithstanding SFO Section 8.3, since the Government shall pay the cost of electricity, the Lessor will be unable to purchase renewable energy on the Government's behalf. However, at present the Lessor is using renewable energy credits to cover 100% of the common area electricity consumption associated with the Leased Premises.
- F. The Real Estate tax base shall be \$3.09 per rentable square foot which equates to a total dollar amount of \$881,014.62 as shown on the "Real Estate Taxes" line on the attached GSA Form 1217 included with this Offer. This shall be subject to Tax Adjustments per paragraph 4.2 of the SFO. The percentages of occupancy for Tax Adjustment purposes shall be 98.70% for the Building. Notwithstanding the foregoing, there shall be no credit or charge to Tenant for any adjustment to the tax base due to an increase or decrease in the tax rate, prior to the end of the second lease year, at which time there will be an adjustment attributable to the second Lease year, and tax adjustments shall continue annually thereafter.
- G. For purposes of this Lease, the "Common Area Factor" is determined to be 1.02700 calculated as follows: 285,118 BRSF / 277,622 ABOA SF.
- H. Pursuant to SFO Section 4.4, if the Government fails to occupy any portion of the Leased Premises or vacates the Leased Premises in whole or in part prior to the expiration of the term of the lease, the rental rate will be reduced by \$1.25 per ABOASF per year for that portion of space unoccupied or vacated. The Government must vacate a minimum of a full contiguous building floor prior to receiving any such credit. Further, in the event the Government elects to vacate the premises and receive said rental adjustment, the Government shall not have access to any space under which this adjustment is applied, unless granted written approval by the Lessor.
- I. Pursuant to SFO Section 4.6 "Overtime Usage", the agreed upon rate for usage of HVAC services on an overtime basis is \$50.01 per zone. There are two (2) zones in the building such being the lower half and the upper half of the building. The above costs shall be evaluated and redetermined after the first twelve (12) months of occupancy and shall only include those actual costs to run the building systems after hours and shall remain fair and reasonable throughout the lease term, subject to the Government's review. The minimum hours for overtime usage is one (1) hour. The overtime rates will be adjusted annually in accordance with SFO Section 4.3 "Operating Costs."
- J. Notwithstanding GSA Form 3517B Section 20, "Alterations," the Government shall have the right during the existence of the Lease to make alterations, additions or improvements, attach fixtures, and erect structures or signs in or upon the Leased Premises without Lessor's approval. Any alterations that may affect the structural integrity of the building shall require the Government first obtain the prior written consent of the Lessor which shall not be unreasonably conditioned or withheld. Such written notice of structural alterations must be accompanied by all such plans and specifications necessary for the Lessor to completely and accurately understand the scope and


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impact of the Government's intended alterations. The Lessor shall have ten (10) working days from its receipt of written notice from the Government regarding such structural alterations.

The Lessor's failure to respond to the Government within those ten (10) working days shall constitute the Lessor's automatic approval. All alterations, additions, or improvements performed by the Government shall comply with all applicable laws, regulations and codes. Any increased costs associated with the Leased Premises as a result of such alterations, additions or improvements, fixtures, structures or signs, shall be paid for by the Government.

For alterations or Tenant Improvements performed by Lessor, the Lessor shall use commercially reasonable efforts to obtain three bids for all general construction over \$15,000.00. If three bids are not obtained, Lessor and Government shall negotiate a fair and reasonable price for the services in accordance with the other terms of this Lease.

- K. Pursuant to the SFO, Lessor shall achieve LEED Existing Building: Operations & Maintenance level "Silver" within the offered premises. Lessor shall achieve this standard as promptly as practical, but not sooner than 18 months and not later than 24 months from the Lease Commencement Date. Further, the Government shall coordinate as necessary its work and reporting of such so as to assist with the attainment of LEED certification at the property but shall not be financially responsible for obtaining said certification.
- L. Notwithstanding SFO Sections 1.12, 1.14, 4.11 and other Solicitation criteria which describe the "Shell" improvements and maintenance/repair required by the Government; the Government acknowledges that the Leased Premises are already under Lease to the Government; that this lease is recognized as a Succeeding Lease; that many of the Building Shell items and conditions established in this Solicitation already exist; and that the Property shall be accepted in its "as-existing" condition, subject to the SFO, the base building improvements outlined in Exhibits B and C. All items in Exhibit B "Base Building Requirements Matrix", excepting items #3, #4, and #38 (Elevators and Chillers), shall be completed by the Lease Commencement Date. All items in Exhibit C "Washington Gas Report", excepting items #8 (Exhaust Air Reclaim) and #17 (Solar PV Panels) found on page 8, shall be completed by Lease Commencement Date. All work that is disruptive to the Government's operations shall be performed after normal hours. The Lessor represents that all Building Shell items in the currently occupied Government space will be in "good repair and tenable condition" at the time of Lease Commencement and shall conform to the most recent fire/life safety and handicapped accessibility criteria applicable under local code to the Leased Premises as of the Lease Execution Date. Excepting the portions of the Leased Premises excluded from the Lessor's maintenance/repair obligation per Paragraph 6. T of this SF2, all finishes and existing improvements associated with the Building Shell or otherwise installed by the Lessor as part of the building improvements it has offered the Government under this Lease shall be maintained in good repair and tenable condition throughout the term of the Lease. Any item that falls out of good repair and tenable condition shall be repaired or replaced by the Lessor at the Lessor's cost. Lessor is to perform regular inspections of the Premises, so entirety of Premises has been reviewed no less than once every thirty (30) days. In addition, Lessor shall respond promptly (within three days) to any items brought to Lessor's attention by Government. Lessor shall maintain (or replace, if necessary) such building shell items or conditions so they may remain in "good repair and tenable condition" throughout the term of this lease as set forth in the Solicitation.

The Lessor shall not be required to provide swing space as a part of this Lease. The Lessor shall not be required to provide, install, or fund Tenant Improvements beyond \$20.00 per ABOA square foot leased by the Government.

- M. Directly following award of this lease, both Lessor and Government will finalize a Construction Schedule in accordance with SFO Section 5.11, SF-2 Paragraph 6.L and based on the schedule submitted as a part of the Lessor's August 2, 2011 Final Proposal Revision. The Construction Schedule will incorporate Tenant Improvements and base building improvement items set forth in Exhibits B and C and discussed throughout this document. All parties agree the intention is to work toward a schedule that maximizes efficiency, appropriately marries the Tenant Improvements with the base building work and minimizes tenant disturbance.
- N. Notwithstanding SFO Section 3.2B, the Lessor's fees for all subsequent work after initial buildout shall be governed by the following table and the Government shall pay for all of these fees out of its


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Tenant Improvement Allowance or via Lump Sum:

Cost of Individual TI Project	General Contractor (General Conditions + Overhead & Profit)	Architect & Engineer	Lessor (Oversight and Profit)
Less than \$999,999	9% + 4%	7%	4%
\$1,000,000 and above	8% + 4%	6%	3%

Notwithstanding the foregoing, the markups for all work done as a part of the initial buildout shall be at 10% (general construction, overhead and profit) and 5% (Lessor oversight and profit) for all work done utilizing the tenant improvement allowance.

- O. Commission and Commission Credit – In accordance with SFO Paragraph 2.5, Broker Commission and Commission Credit, CB Richard Ellis ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Broker have agreed to a cooperating lease commission of [REDACTED] for the leasing of Silver Spring Metro Center 2 (1325 East West Highway, Silver Spring, MD), Silver Spring Metro Center 3 (1315 East West Highway, Silver Spring, MD), and Silver Spring Metro Center 4 (1305 East West Highway, Silver Spring, MD) which shall be earned upon lease execution, payable according to the Commission Agreement signed between the two parties. The portion of concession attributed to Silver Spring Metro Center 2 (1325 East West Highway, Silver Spring, MD) is [REDACTED], or [REDACTED] of the Commission, will be payable to CB Richard Ellis. The remaining [REDACTED], or [REDACTED] which is the "Commission Credit", shall be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time period practicable.

Notwithstanding Paragraph 3 of this Lease, the shell rental payments due and owing under this lease shall be reduced to fully capture this Commission Credit. The reduction in shell rent shall occur in the first two (2) months of the rental payments.

First (1st) Month's Rental Payment \$762,928.25 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First (1st) Month's Rent;

Second (2nd) Month's Rental Payment \$762,928.25 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second (2nd) Month's Rent;

The full monthly rent payment of \$762,928.25 shall commence with the payment due for the third (3rd) month of the Lease term.

- P. Per SFO Section 8.2, the Lessor shall furnish to GSA as part of shell rent, a report by a registered professional engineer(s) showing that the building and its systems as designed and constructed satisfy the requirements of this lease. The Lessor however is not obligated to provide the referenced report more than one (1) time in any twelve (12) month period.
- Q. Notwithstanding numerous Solicitation Sections pertaining to the "garage", its features, and maintenance requirements pertaining thereto related to its use for vehicle and bicycle parking – the parties hereby acknowledge that the garage located at 1315 East West Highway is subject to a separate master lease between the Lessor and Montgomery County. The Lessor will use commercially reasonable efforts to secure the features and improvements specified in the Riders for the Government's benefit, but such shall be subject to the rights, privileges, and obligations of Montgomery County under its parking garage lease. No costs for parking garage features or improvements are included in this SF2.
- R. Notwithstanding SFO Section 7.13, carpet replacement shall be performed by the Lessor but shall not include the moving, disassembly or reassembly of furniture, equipment, or property. However,


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the owner will include the cost to raise/lower furniture in place so that carpet tiles can be installed below said furniture. Notwithstanding Section 7.12, in the event an area of the Premises is not painted due to the presence of furniture and said furniture is subsequently moved, Lessor shall paint any exposed unpainted areas unless a price credit or adjustment was previously offered and accepted by the Government to compensate for such unpainted areas.

- S. Notwithstanding SFO Section 4.11, and other Solicitation criteria which describe service/maintenance provisions required by the Government, the maintenance, repair, and/or utility service to the following special spaces are not included as a part of this Lease: cooling tower chilled water system for supplemental cooling within the fitness facility, cafeteria, and certain other portions of the Leased Premises where the tenant operates supplemental package A/C units; cleaning or maintenance of the kitchenettes, fitness facility, cafeteria, health unit, science center, or day/child care center (including playground); and all materials/services included in the "Preventative Maintenance for Government Owned Upgrade Equipment" dated 10/1/10. Notwithstanding the foregoing, Lessor shall maintain and repair all floors, walls, ceilings and lighting in the above special spaces.
- T. Pursuant to SFO Section 1.3, the Government shall have an option to purchase the Building on the last day of the Lease Term for the fixed sum of \$146,000,000 (subject to a purchase and sale agreement to be later negotiated). This purchase option offer may not be assigned to any third party, but is exclusive to the United States Government as a feature of the Lease. Government shall have until six (6) months prior to the expiration of this lease to provide notice to exercise its option to purchase the building.
- U. Notwithstanding GSA Form 3517B Section 17, "Default by Lessor During the Term," the Government shall submit written notice to the Lessor of any default by Lessor during the term of the lease. Prior to the Government initiating a remedy in the case of such default by Lessor, as defined in GSA Form 3517B, the Government shall notify the Lessor, and any applicable lender, of the default in writing. The Lessor shall be afforded a reasonable period of time to cure any default, and the lender, if any, shall be afforded a reasonable period of time to cure any default in lieu of the Lessor doing so.
- V. Notwithstanding GSA Form 3517B Section 18, "Fire and Casualty Damage," in case of a partial destruction or damage rendering the Leased Premises untenable, if the Lessor determines that the Leased Premises can be substantially repaired or restored within 365 days of the occurrence, and the Government, in its reasonable judgment, concurs with such determination, the Government shall have no right to terminate or cancel the Lease for the effected building if the Lessor elects to rebuild, unless such destruction or damage occurs within the last two (2) years of the Lease term. In case of a partial destruction or damage of the Leased Premises within the last two (2) years of the Lease term, the Government reserves any and all rights conveyed in GSA Form 3517B Section 18 to terminate this Lease. The Lessor will advise the Government of its election to rebuild within forty five (45) days after such fire or other casualty. If the Lessor elects to repair or restore the Leased Premises and either (i) fails to substantially complete, as defined in SFO Section 5.11 G, the repair or restoration within 365 days from the event of destruction or damage (delays caused by force majeure excepted) or (ii) fails to diligently pursue such repairs or restoration so as to render timely completion impossible, the Government may terminate the Lease effective as of the date of the destruction or damage. If the Leased Premises cannot be repaired or restored within 365 days or if the Lessor, having the right to do so under the Lease, elects not to repair the casualty damage then the Government shall have the right to terminate or cancel the Lease for the effected building upon written notice to the Lessor. Furthermore, in the event of a move due to partial destruction or damage of the Leased Premises, Lessor shall be solely responsible for all reasonable and substantiated expenses incurred by the Government with respect to such relocation, which shall include moving and set up costs for telecommunications, data and furniture relocation both out of the Leased Premises and back in to the Leased Premises. All rent shall be abated for the portion of the space the Government vacates, but Lessor shall not pay any rental costs the Government may incur due to relocation for destruction or damage.
- W. Notwithstanding GSA Form 3517B Section 2, "Subletting and Assignment," the Government may sublet any part of the Leased Premises or assign the lease, but shall not be released from any obligations under this lease by reason of any such subletting or assignment.
- X. Notwithstanding GSA Form 3517B Section 7, "Substitution of Tenant Agency," the Government may, at any time, and from time to time, substitute any Government agency or agencies for the


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Government agency or agencies, if any, named in the Lease. The Government agrees not to substitute, without the Lessor's prior written consent, any agency which is devoted to any non-office use, such as jails, prisons or other prisoner detainee processing operations of any sort, or any other operations that would likely involve foot traffic or noise levels substantially greater than those associated with the agency currently housed in the building (i.e., NOAA). If the use and operation of the Leased Premises by any successor agency is different than that set forth in the original SFO, than the costs of operation shall be adjusted accordingly pursuant to a request for equitable adjustment.

Y. If there is any conflict between this SF-2 and the balance of the lease, the terms specified in this SF-2 shall govern.

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

- A) Exhibit A: Floor plans of leased area, 3 pages;
- B) Solicitation for Offers #9MD2055, 66 pages;
- C) GSA Form 1217, Lessor's Cost Statement, 2 pages;
- D) GSA Form 3517B, General Clauses, 33 pages;
- E) GSA Form 3518, Representations And Certifications, 7 pages;
- F) Attachment #4 - Fire Protection and Life Safety Evaluation; 15 pages;
- G) Pre-Lease Security Plan, 13 pages;
- H) Certificate of Seismic Certification, 4 pages;
- I) Rider Number One, Fire Protection & Life Safety, 2 pages;
- J) Exhibit B: Base Building Requirements Matrix, 7 pages;
- K) Exhibit C: Washington Gas Report, 40 pages;

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

Paragraphs 4 and 5 of this SF2 have been deleted in their entirety.

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

Lessor: Silver Spring Metro Center, LLLP


By: Silver Spring Manager, LLC
Its General Partner

By: 

Name: BRYANT FOULGER Title: MANAGER

IN P  
(Address)

UNITED STATES OF AMERICA
 CONTRACTING OFFICER, GSA, NCR


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