

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

DATE OF LEASE:

LEASE No. GS-11B-12545

7/11/2012

THIS LEASE, made and entered into this date between **ARE-MARYLAND NO. 24, LLC**

whose address is

**385 E. Colorado Boulevard, Suite 299  
Pasadena, CA 91101-6104**

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 75,056 BOMA Rentable Square Feet (BRSF) equivalent to 52,642 BOMA Office Area Square Feet (ABOA) of office and related space, consisting of space on the first (1<sup>st</sup>), second (2<sup>nd</sup>) and third (3<sup>rd</sup>) floors in Buildings A, B, and C located at 9800 Medical Center Drive, Rockville, MD 20850-6386 ('Building'). The floor plans are attached as Exhibit A and made a part hereof.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a fifteen (15) YEAR firm term ("Lease Term") commencing upon Substantial Completion, as defined in Section 5.11.F.1 of SFO ("SFO"), which will be the Commencement Date, and terminating fifteen (15) years thereafter. The Lessor and the Government will confirm the Commencement Date in writing by execution of a Supplemental Lease Agreement.

3. The Government shall pay the Lessor annual rent of \$3,457,830.00 (\$46.07/BRSF) at the rate of \$288,152.50 per month in arrears. Rent for a lesser period shall be prorated. Rental payments shall be made payable to ARE-MARYLAND NO. 24, LLC, 385 E. Colorado Boulevard, Suite 299, Pasadena, CA 91101-6104 or in accordance with the provision on electronic payment of funds. Notwithstanding the foregoing, a portion of the monthly rent shall be credited during the first (1<sup>st</sup>) and second (2<sup>nd</sup>) months of the Initial Lease Term in the amount of \$401,972.74, as more fully set forth in Paragraph 4(J) below.

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

A. All services, improvements, alterations, repairs, maintenance, and utilities as defined by this Lease.

B. The annual rent set forth in Paragraph 3 of this Standard Form 2 includes a \$35.07 per ABOA Tenant Improvement Allowance amortized at 5.90% interest over the Lease Term, which amortization amount equals \$2.47 per BRSF per year. The total amount of the Tenant Improvement Allowance is \$1,846,154.94 (\$35.07 per ABOA). The Government shall be entitled to utilize the Tenant Improvement Allowance to pay for any build-out with the Government-demised-area performed by the Lessor at the Government's expense in accordance with SFO Paragraph 3.2.

C. Pursuant to Paragraph 4.1(C) of the SFO, the "Common Area Factor" is calculated to be 1.42578170 as calculated: 75,056 BRSF / 52,642 ABOA.

D. Pursuant to SFO Paragraph 4.2.B.9, the Government's percentage of occupancy is 26.39% for tax purposes, as calculated: 75,056 BRSF / 284,367 BRSF. The Real Estate Tax Base shall be determined in accordance with Paragraph 4.2.B.7 of the SFO.

- E. The base amount for annual operating cost adjustments is \$685,261.28 (\$9.13 per BRSF) which shall be adjusted annually by the CPI in accordance with Paragraph 4.3 of the SFO. The operating expense base includes office daytime cleaning services during Normal Hours; the operating expense base excludes laboratory cleaning which shall be ordered by and paid for directly by the tenant agency to the laboratory cleaning vendor. Electricity shall be reimbursed by the tenant agency to the Lessor on a pro-rata basis and invoiced monthly to the tenant agency; invoiced amounts shall be a direct pass through without additional mark-up or fee by the Lessor. The Government reserves the right to install separate meters to measure actual electricity usage at its sole cost and expense.
- F. In accordance with Section 4.8 of the SFO, UTILITIES, all utilities, except electrical current for light, power and operating expenses will be the responsibility of Lessor. Utilities for all equipment which is separately metered shall be paid for by the Government.
- G. The Adjustment for Vacant Premises rate is established as \$1.75 per ABOA per year.
- H. Pursuant to SFO Paragraph 4.7 OVERTIME USAGE, the HVAC overtime rate is \$45.00 per hour.
- I. Pursuant to SFO Paragraph 4.6 NORMAL HOURS, services, utilities and maintenance shall be provided daily, between 7:00 AM and 6:00 PM, excluding Saturdays, Sundays and Federal holidays. The Government will have access to the Building 24 hours a day, 365 days a year.
- J. Pursuant to SFO Paragraph 2.5 "Broker Commission and Commission Credit", Jones Lang LaSalle is the authorized real estate broker representing the Government in connection with this lease transaction. The Lessor and Jones Lang LaSalle have agreed to a cooperating lease commission of [REDACTED] of the Total Annual Rent during the first ten (10) years of the Initial Lease Term and [REDACTED] of the Total Annual Rent during years eleven (11) through fifteen (15) of the Initial Lease Term. The total amount of the commission is [REDACTED] ("Total Commission Amount"). Jones Lang LaSalle has agreed to forego approximately [REDACTED] of the Total Commission Amount that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be applied against the shell rental payments in the first (1<sup>st</sup>) and second (2<sup>nd</sup>) months of the Initial Lease Term. The Total Commission Amount minus the Commission Credit is [REDACTED] and is due to Jones Lang LaSalle, without further condition or contingency, (i) one-half (1/2) upon the mutual execution and delivery of the Lease and (ii) one-half (1/2) upon delivery of the premises described in the Lease to the Government and the Government's acceptance thereof.

Rent Schedule for the first (1<sup>st</sup>) and second (2<sup>nd</sup>) months of the Initial Lease Term incorporating the Commission Credit is as follows:

First (1<sup>st</sup>) Month's Rental Payment of \$288,152.50 (of which \$215,598.36 is shell rent) minus prorated Commission Credit of [REDACTED] equals [REDACTED].

Second (2<sup>nd</sup>) Month's Rental Payment of \$288,152.50 (of which \$215,598.36 is shell rent) minus prorated Commission Credit of [REDACTED] equals [REDACTED].

- K. Not-To-Exceed-Price (NTEP): The NTEP of \$30,814,314.00 is the firm fixed price to complete the improvements described within the scope of the FINAL CD's without exception. The Lessor is responsible for any additional costs arising after issuance of Notice to Proceed (NTP) as necessary to complete the work except for changes (change orders) that are directed by the GSA Contracting Officer in writing. The Government reserves the right to initiate change orders at any point after lease execution; mark-ups to any change order shall be 15.00% to the Lessor which includes all mark-ups for overhead, profit and/or administration fee(s) for General Contractors.
- L. The Lessor has agreed to provide the Government with a Warm-lit Shell Credit in lieu of paying for the construction of the Building Shell Requirements specified in the SFO. The total Warm-lit Shell Credit is \$2,382,128.00; this amount will be applied by the Government toward the firm fixed price to complete the improvements.
- M. The Government agrees to pay the balance of the firm fixed price remaining after application of the Tenant Improvement Allowance and the Warm-lit Shell credit in a lump sum payment upon substantial completion of the improvements. The Government shall pay a fixed and not-to-exceed financing fee of \$223,000 to cover all finance fees and charges associated with financing the entire NTEP above the TIA and warm lit shell credit.

N. Within 15 days of execution of this Lease, the Lessor shall provide a construction schedule that prescribes the timeline for completion of the construction of the improvements. Any changes to the schedule causing delay in the Substantial Completion of the improvements that arise by the Government due to change orders initiated by the GSA Contracting Officer shall be deemed as Government Delay and shall not result in an adjustment to the lease commencement date prescribed in the aforementioned construction schedule.

O. Change orders required by the Government shall result in an adjustment to the NTEP to be paid in accordance with Paragraph M above and subject to a mark-up in accordance with Paragraph K above.

5. In the event of a conflict between this SF-2 and other documents that are part of the Lease, the SF-2 shall govern.

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

- a. Solicitation For Offers (SFO), 58 pages
- b. Pre-Lease Security Plan, 7 pages
- c. GSA Form 1217: Lessor's Annual Cost Statement, 1 page
- d. GSA Form 3517B: General Clauses, 33 pages
- e. GSA Form 3518: Representations and Certifications, 7 pages
- f. Exhibit A: floor plans, 5 pages
- g. Attachment No. 4 Fire and Life Safety Report, 27 pages
- h. Attachment B. Seismic Rider and Seismic Certification, 13 pages
- i. Unit Price List, 6 pages
- j. Final Construction Drawings (CDs), attached via compact disk

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

ARE-MARYLAND NO. 24, LLC

JENNIFER PAPPAS  
SVP - GENERAL COUNSEL

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

Date: 23-12

IN PRESENCE OF:

Address: 385 E. Colorado Blvd., Suite 299, Pasadena, CA 91706

UNITED STATES OF AMERICA

\_\_\_\_\_  
Contracting Officer

ARE-MARYLAND NO. 24, LLC, a Delaware limited liability company

BY: ALEXANDRIA REAL ESTATE EQUITIES, L.P., a Delaware limited partnership, managing member

BY: ARE-QRS CORP., a Maryland corporation, general partner

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Date: \_\_\_\_\_

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**JENNIFER PAPPAS**  
**SVP - GENERAL COUNSEL**

\_\_\_\_\_  
(Printed Name and Title)

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