

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE: OCT 01 2007 LEASE #GS-11B-01433 "neg"

THIS LEASE, made and entered into this date between **Smart Building Investors
c/o The JBG Companies
5301 Wisconsin Avenue, NW - Suite 300
Washington, DC 20015 - 2015**
whose address is:

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 approximately 345,651 ANSI/BOMA rentable square feet (aka: BOMA Office rentable square feet), such yielding 311,088 ANSI/BOMA Office Area square feet (aka: BOMA Office usable square feet) inclusive of 343,286 BORSF/ 308,723 BOUSF of office space and 2,365 BORSF/ 2,365 BOUSF of storage space located on partial floor 1 and full floors 8 through 24 in the building commercially known as and located at 1801 North Lynn Street, Rosslyn, Virginia, 22091, to be used for SUCH PURPOSES AS DETERMINED BY THE GOVERNMENT. Floorplans depicting the area leased by the Government are attached hereto, to be used for SUCH PURPOSES AS DETERMINED BY THE GOVERNMENT.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the TEN YEAR FIRM term beginning on (see Paragraph 6L below) through (see Paragraph 6L below), ~~subject to termination and renewal rights as may be hereinafter set forth.~~

3. The Government shall pay the Lessor annual rent of:

- \$11,755,367.24 at the rate of \$979,613.94 per MONTH in arrears during the 1st lease year;
- \$11,770,498.04 at the rate of \$980,874.84 per MONTH in arrears during the 2nd lease year;
- \$11,786,082.76 at the rate of \$982,173.56 per MONTH in arrears during the 3rd lease year;
- \$11,802,135.03 at the rate of \$983,511.25 per MONTH in arrears during the 4th lease year;
- \$11,818,668.86 at the rate of \$984,889.07 per MONTH in arrears during the 5th lease year;
- \$11,835,698.71 at the rate of \$986,308.23 per MONTH in arrears during the 6th lease year;
- \$11,853,239.46 at the rate of \$987,769.95 per MONTH in arrears during the 7th lease year;
- \$11,871,306.42 at the rate of \$989,275.54 per MONTH in arrears during the 8th lease year;
- \$11,889,915.40 at the rate of \$990,826.28 per MONTH in arrears during the 9th lease year;
- \$11,909,082.64 at the rate of \$992,423.55 per MONTH in arrears during the 10th lease year;

The rents shall be in addition to Operating Expense Adjustments and Tax Adjustments provided during the Lease term as per the attached Solicitation for Offers. Rent for a lesser period shall be prorated. Rent checks shall be made payable to: Smart Building Investors, LLC, C/O The JBG Companies, 5301 Wisconsin Avenue, NW, Suite 300, Washington, DC 20015-2015.

4. ~~The Government may terminate this lease at any time on or after _____ 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 date of mailing.~~

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

~~Such option shall become effective provided notice be given in writing to the Lessor at least _____ days before the end of the original lease term; 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.~~

CBE
pc

GSC
pc

LESSOR CBE GOV'T pc

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

A. With the exception of tenant electric which shall be separately metered, all services, utilities, alterations, repairs, maintenance, as well as any other rights and privileges stipulated by this Lease and its Attachments, are included as a component of the rental consideration.

B. The annual rental is calculated as follows:

Base Rent:	\$35.68 per BOUSF X 308,723 BOUSF	= \$11,015,236.64
Parking Rate:	\$90.00 per space X 467 spaces	= \$504,360.00 (escalated annually at 3%)
Storage Space:	\$12.00 per BORSF X 2,365 BRSF	= \$28,380.00
Roof Rights:	\$0.60 per BORSF X 345,651 BRSF	= \$207,390.60
	Total Annual Rent (Year 1)	= <u>\$11,755,367.24</u>

C. The Lessor shall provide to the Government an initial Tenant Improvement Allowance in the amount of \$15.00 per BOMA Office Usable square foot (BOUSF), such being \$4,630,845.00 with the ability to utilize a maximum of \$40.00 per BOUSF, such being \$12,348,920.00. Such initial Allowance shall be available in full immediately upon full 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 shall have the sole discretion to direct disbursement of funds in any manner associated with any Government-expense connected with this Lease, including but not limited to the funding of: tenant improvements; additional Lessor-provided services; services provided by third-party consultants or technical advisors; and/or to offset the Government's rental obligation to the Lessor. The initial Tenant Improvement Allowance of \$15.00 per BOUSF is included in the rent, and has been amortized at a rate of 10% over the ten-year firm Lease term. Consistent with Paragraph 1.11 "Tenant Improvement Rental Adjustment," the Government may return any unused portion of the initial \$15.00 per BOUSF Tenant Improvement Allowance to the Lessor. If the actual cost of said Tenant Improvements exceeds \$15.00 per BOUSF, the additional expenditure shall be amortized at a rate of 8%. If a rental adjustment is selected, the rent shall be adjusted downward using the 10% amortization rate on the unused portion of the Tenant Improvement Allowance or upward using the 8% amortization rate for the additional cost of said Tenant Improvements. A mutually agreed upon Supplemental Lease Agreement (SLA) will be executed upon the Government's acceptance of the space. The SLA shall finalize the rent using the final Tenant Improvement costs as approved by the Government. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in Paragraph 3.16 "Delivery Schedule of Tenant Improvements", with the understanding that bidding shall take place at the trade/subcontractor level. Any work items provided by the General Contractor, or for which there is not adequate competition at the trade/subcontractor level, shall be subject to the Government review and audit of cost and pricing data.

D. It is agreed that the general contractor's total fees for general conditions, overhead and profit (GC OH&P) for the Initial Tenant Improvements for the Government's space shall not exceed 8%, the GC OH&P for Change Orders shall not exceed 5%, and the Lessor's total construction management fees shall not exceed 7% (applied on top of the GC OH&P). Regulatory fees and permit costs shall be added at cost without markup by the Lessor or General Contractor. In addition, all architectural and engineering fees applicable to the Tenant Improvement cost of up to \$15.00 per BOUSF shall be 6.5%. The Lessor shall designate that JBG Commercial Management, LLC shall be responsible for and provide construction management services in relation to this lease.

E. The Lessor shall be responsible for paying all brokerage commissions and/or cash concessions in the amount of [REDACTED] due in accordance with the consummation of this Lease. This shall include the payment of [REDACTED] of the gross value of the lease for the ten (10) years of the lease, as set forth in Paragraph 3 herein, to Spaulding and Slye LLC ("S&S") who has acted as the Government's broker in connection with this transaction, such being [REDACTED] as well as a cash concession payment from the Lessor to the Government of [REDACTED]. The Government shall have the full latitude to direct disbursement of funds in any manner associated with any Government-expense connected with this Lease, including but not limited to the funding and/or to offset the Government's rental obligation to the Lessor (i.e. cash upon commencement of the lease or free rent).

F. The Government's percentage of occupancy within the subject building for the purpose of calculating future Tax Adjustments as provided by the Lease shall be 98.14%, and the total building square footage is determined to be 349,786 BOMA office rentable square feet (BORSF).

G. The base year amount of the Lessor's Business Improvement District (BID) tax assessment shall be \$0.10 per BORSF. The Government agrees, when applicable to make a single lump sum payment to the Lessor for its share of increases in the Lessor's BID tax assessment over the base year amount of \$0.10 per BORSF.

H. The Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments shall be \$1,314,785.38, such being \$4.26 per BOUSF/\$3.83 BORSF. The Leased space shall be separately metered and the cost for said electric shall be paid by the tenant to the utility company separate from this lease upon occupancy.

I. The Common Area Add-On Factor is determined to be 0.0 for floors 1 – 7 and 1.1125 for floors 8 – 24.

LESSOR GJB GOVT pc

EXCEPTION TO SF2 APPROVED GSA/IRMS 12D89

J. The Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be \$0.50 per BORSF should the Government vacate at least ½ of one floor, \$1.00 per BORSF should the Government vacate at least on full floor, and \$2.00 per BORSF should the Government vacate the entire leased space. An Adjustment for Vacant Premises shall only be applicable to space the Government fails to occupy or if the Government completely vacates at least ½ of one floor of contiguous space. The reduction shall be effective 20 working days after notice is provided to the Lessor. The adjustment will end if the contiguous vacant space is reduced below ½ of one floor.

K. The space shall be constructed in accordance with the design and construction schedule prepared in accordance with this lease, attached hereto. The start date for the initial task (Design Intent Drawings) shall commence upon the full execution of this Lease. All subsequent tasks/events, including the acceptance of space by the Government, shall adjust accordingly with the durations remaining the same. Either the Lessor or the Government may accelerate, within reason, the duration required to complete any item on the schedule, and the entire schedule shall accelerate.

L. It is agreed that the space shall be altered by the Lessor in accordance with the specifications approved by the Government and delivered with full occupancy by July 1, 2002. Lease and rent commencement shall be subject to the Government's inspection and acceptance of the leased premises and shall occur in accordance with the design and construction schedule and Paragraph 3.16 "Delivery Schedule of Tenant Improvements." In the case of conflict between the design and construction schedule and Paragraph 3.16 "Delivery Schedule of Tenant Improvements", the design and construction schedule shall govern.

M. Notwithstanding the hours of HVAC service, the Government shall have the right to occupy and use the subject leased premises at any time on any day throughout the lease term. Such use/occupancy may include, but shall not be limited to, full access to the premises and appurtenant areas as well as the use of business machinery within the premises.

N. The Lessor shall furnish to the Government the continuous right throughout the Lease term to lease the entire parking garage (467 parking spaces) and all retail parking spaces for use by the Government at its discretion. Payment for said parking spaces shall be at an annual rate of \$90.00 per space, escalated at 3% annually. The total initial annual rent for sole rights to the parking garage shall be \$504,360.00, which has been incorporated in the annual rent delineated in Paragraph #3 of this SF2.

O. The Lessor shall furnish to the Government unlimited use of 2,365 BORSF of storage space located in the garage of said building at a rate of \$12.00 per BORSF. The total cost shall be \$28,380.00, which has been incorporated in the annual rent delineated in Paragraph #3 of this SF2.

P. The Federal Government shall have the sole, full and unlimited use of the roof and all rights associated with said control. In the event that Arlington County desires to install any antennae, radio transmitters or receivers at the building, the Lessor must receive written approval from the Federal Government or its designee prior to installation. Any and all fees obtained for the use of the roof shall be paid to the Federal Government. The cost for sole rights to the roof shall be \$207,390.60 or \$0.60 per BRSF, which has been incorporated in the annual rent delineated in Paragraph #3 of this SF2.

Q. In accordance with Paragraph 32 of GSA Form 3517 "Proposals for Adjustments", within 180 calendar days of the lease commencement date and at the Lessor's sole discretion, the Lessor shall submit a proposal for an adjustment of the rental rate concurrent with any increase in the cost to insure the premises above and beyond the cost stipulated on line 29 of GSA form 1217. The Government shall consider the Lessor's request, and shall agree to an equitable adjustment to the rental rate only if the Lessor demonstrates that such an increase in insurance costs are a direct result of the nature of the Government's specific tenancy in the building compared with the insurance costs of an average Federal Government tenant.

R. In accordance with Paragraph 32 of GSA Form 3517 "Proposals for Adjustments", within 180 calendar days of the first anniversary of full occupancy under this lease, and at the Lessor's sole discretion, the Lessor shall submit a proposal for an adjustment of the rental rate concurrent with any increase in the cost to operate the premises on a twenty-four hour basis, above and beyond the cost stipulated on line 27 of GSA form 1217. The Government shall consider the Lessor's request, and shall agree to an equitable adjustment to the rental rate only if the Lessor demonstrates that such an increase in operating costs are a direct result of the nature of the Government's use of the building's systems.

S. In case of conflicts between this Lease and its Attachments, this Lease shall govern. In case of conflicts between any Attachments; the Solicitation for Offers shall first govern, the GSA Form 3517 shall next govern, the Technical Submittal shall next govern, and all other Attachments shall be of equal stature. When they are completed and approved by the Government's Contracting Officer, the Lessor and Government will, at the Government's discretion, include the Design Intent Drawings and the Working/Construction Drawings as part of this Lease via a Supplemental Lease Agreement. At such time as these documents are added to the Lease, they shall thereafter, along with the design and construction schedule, govern over any other Lease Attachment.

T. Materials submitted with the Lessor's proposal referenced in the Technical Submittal are hereby incorporated by reference and hereto made a part of this lease.

LESSOR GSE GOVT Yps

EXCEPTION TO SF2 APPROVED GSA/IRMS 12D89

7. The following are attached and made a part hereof:
 - A. Solicitation for Offers #01-024 – 35 Pages
 - B. Quality of Building Information – 20 Pages
 - C. GSA Form 3517 – 26 Pages
 - D. GSA Form 3518 – 4 Pages
 - E. Design and Construction Schedule
 - F. GSA Form 1217 "Lessor's Annual Cost Statement" – 1 Page
 - G. LEED Building Certifications Version 2.0 - 25 Pages
 - H. Fire Protection & Life Safety Evaluation – 1 Page
 - I. Small Business Subcontracting Plan – 6 Pages
 - J. Floorplans of the Leased Premises – 16 Pages

8. The following changes were made in this lease prior to its execution:
 - A. Paragraphs 4 and 5 have been deleted in their entirety.

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

LE [REDACTED] LLC a Delaware Limited Liability Company*

BY

IN PRESENCE OF

ADDRESS

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

CONTRACTING OFFICER

*By: SummerHouse, LLC a Delaware Limited Liability Company its Managing Member
 By: Piney Point Industries, Inc., A Maryland corporation Its Managing Member

LESSOR LSM GOV'T pa

EXCEPTION TO SF2 APPROVED GSA/IRMS 12D89