

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE MAY 06 2004 LEASE GS-11B-01718

THIS LEASE, is made and entered into this date between **Crescent Potomac Yard Development, LLC**
whose address is 2805 S. Crystal Drive
Arlington, VA 22202

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 309,179 BOMA rentable square feet (RSF), such rentable space yielding approximately 268,468 ANSI/BOMA office area (USF), of office and related space in the building commercially known as One Potomac Yard located at 2777 Crystal Drive, Arlington, Virginia 22202, to be used for such office and related purposes as is determined by the Government. The Lessor shall provide the Government seventeen (17) reserved inside parking garage spaces for the exclusive use of official Government vehicles. The leased space is further defined as follows:

Floor	BOMA Rentable Area	ANSI/BOMA Office Area
First (full floor)	19,200	11,743
Fourth (full floor)	32,501	28,787
Fifth - Tenth (full floors)	32,726 (each floor)	29,038 (each floor)
Eleventh & Twelfth	30,561 (each floor)	26,855 (each floor)
Totals	309,179	268,468

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a TEN (10) YEAR FIRM TERM and commencing pursuant to Paragraph "6.1." of this SF2, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$9,919,892.60 at the rate of \$826,657.72 per month in arrears (\$36.95 per USF / \$32.0846 per RSF). The Government shall receive six (6) months free from rent including all base rent, amortization of tenant improvements, and operating expenses. Free rent shall be taken the six (6) months immediately following the rent commencement date for all space under the lease. Rent shall be in addition to Operating Expense Adjustments and Tax Adjustments accruing during the term of the Lease as provided in this SF2 and the attached Solicitation for Offers. Rent checks shall be made payable to: Crescent Potomac Yard Development, LLC, 2805 S. Crystal Drive, Arlington, VA 22202.

~~4. The Government may partially terminate this lease up to approximately _____ BOUSF, located on the _____ floor of the building, following the end of the _____ year of the lease term. The Government shall give the Lessor at least 270 days prior notice in writing, and no rental shall accrue after the effective date of such 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.~~

LESSOR DOK GOVT [Signature]

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

A. All services, utilities, alterations, repairs, maintenance, as well as any other rights and privileges stipulated by this Lease and its Attachments to be included as a component of the rental consideration.

B. The Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$41.49 per USF. The entire \$41.49 per USF of said Tenant Improvement Allowance shall be available in full immediately upon 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 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 of: tenant design and 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. This Tenant Improvement Allowance is included in the rent. The Tenant Improvement Allowance has been amortized at a rate of 7.00% over the ten (10) year firm Lease term. The total amount of the Tenant Improvement Allowance is \$11,138,737.32. The Government may use the Tenant Improvement Allowance anytime during the term of this Lease. A mutually agreed upon Supplemental Lease Agreement will be executed that illustrates the utilization of the Tenant Improvement Allowance and a rent credit, if any.

The actual cost of any tenant improvements directed by the Government will be determined by the competition and cost proposal process as set forth in Paragraph 3.15 "Construction Schedule of Tenant Improvements" Sub-paragraph "F. Bidding Process", with the understanding that bidding shall take place at the subcontractor level. All architectural and engineering fees for tenant improvements directed by the Government shall be paid using the Tenant Improvement Allowance. Architectural and engineering fees are determined to be 5.00% of the tenant improvement costs. Lessor's fees of 3.00% shall be added for management and coordination.

C. It is agreed that the general contractor's total fees for overhead and profit for the initial improvements and change orders directed by the Government shall be 3.50%, general conditions shall be 3.50%, and the Lessor's total construction management fees shall be 3.00%. The total fees shall not exceed 10%, being calculated on an additive basis. The Lessor or General Contractor shall add any required regulatory fees and permit expenses at cost without any markup. All of these fees will be paid for out of the Tenant Improvement Allowance.

D. Pursuant to Paragraph 1.13 "Broker Commission," the Lessor shall be responsible for paying all brokerage commissions due in connection with the consummation of this Lease. A commission in the amount of [REDACTED] of the gross aggregate value of the annual rental payments adjusted for six (6) months of free rent due under this Lease, being approximately [REDACTED]. The commission shall be paid by the Lessor to Spaulding and Slye LLC ("S&S") who has acted as the Government's broker in connection with this transaction. The foregoing commission amount shall be paid [REDACTED] upon full and complete execution of the Lease and [REDACTED] upon full acceptance, occupancy and rent commencement under the Lease.

E. Pursuant to Paragraph 3.3 "Tax Adjustment", 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 100.00%, based upon the total building square footage of 309,179 RSF.

F. Pursuant to Paragraph 3.6 "Operating Costs Base", the Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments shall be a total of \$1,916,861.52 per annum or \$7.14 per USF. Daytime cleaning may be required for portions of this space, pursuant to paragraph 7.6(a) "Janitorial Services". If the Government requires such services, the additional cost for daytime cleaning is \$0.40 per USF per annum and the Government shall pay such amount as additional rent and the Operating Cost Base shall also be increased by such amount for purposes of calculating future Operating Cost Adjustments as provided by this Lease.

G. Pursuant to Paragraph 3.9 "Common Area Factor", the Add-On Factor is determined to be 1.1516, calculated:
$$\frac{309,179 \text{ RSF} - 268,468 \text{ USF}}{268,468 \text{ USF}}$$

H. Pursuant to Paragraph 3.12 "Adjustment for Vacant Premises" the Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be \$3.28 per RSF. An Adjustment for Vacant Premises shall only be applicable to space completely vacated by the Government and for which the Lessor is no longer required to provide maintenance and operating services.

I. The Leased premises shall be constructed consistent with the design and construction schedule and information in the schedule set forth in Exhibit C. The start date for the initial construction task shall commence upon the full mutual execution of this Lease. The rent and lease commencement date shall be determined per the Lease.

LESSOR  GOVT 

J. Pursuant to Paragraph 7.3 "Overtime Usage", the base rate for overtime HVAC service to the premises governed by this Lease for additional hours beyond the Normal Hour Schedule shall be negotiated on a fair and reasonable basis upon completion of construction of the building. The Lessor shall provide a full equipment list for the Government's review to determine the final overtime rate. 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.

K. The Lessor shall provide the Government seventeen (17) reserved inside parking garage spaces for the exclusive use of official Government vehicles at no additional cost.

L. The Government shall have the right to exercise an option for expansion space for approximately 95,965 BOMA rentable square feet (RSF), such rentable space yielding approximately 85,000 ANSI/BOMA Office Area (USF) of office and related space in the building commercially known as Two Potomac Yard located at 2733 Crystal Drive, Arlington, Virginia 22202. The option shall be available to the Government up to 180 calendar days from execution of this Lease and the Lessor shall be notified in writing if the Government elects to exercise the option. The rental rate for a 10-year firm term shall be \$36.95 per USF. The Government shall receive six (6) months free from rent on the option space including all base rent, amortization of tenant improvements, and operating expenses. Free rent shall be taken the six (6) months immediately following the rent commencement date for the option space. All remaining terms of the lease shall apply for the option space. If the Government elects to exercise this option for expansion space, the Government may elect to execute a mutually agreed upon Supplemental Lease Agreement or a separate Lease to finalize the terms.

M. After full completion of construction, the Lessor shall provide Attachment #4, Fire and Life Safety Evaluation.

N. The Lessor's Building Security Plan, Attachment #2 Facility Information Security Survey, and the Lessor's Response to the Level IV Lease Security Operating Standards are set forth in Exhibit E of this Lease. It is the Lessor's intention and obligation to provide the security upgrades identified in the Lessor's Building Security Plan and Response to the Level IV Lease Security Operating Standards. The Government has reviewed the Lessor's Building Security Plan and Response to the Level IV Lease Security Operating Standards, and has accepted the offered upgrades as meeting the Lessor's minimum obligation regarding the Level IV Lease Security Operating Standards required by this Lease, including the security requirements of Section 7.10 of the SFO, as amended. The Government acknowledges that the [REDACTED] setback requirements set forth in Attachment #2 of the Level IV Lease Security Operating Standards contain various levels of [REDACTED] Performance criteria that may be beyond the scope of the building's offered design conditions. In the event that the Government desires to provide additional security upgrades to meet any such criteria, such upgrades shall be at the Government's expense in accordance with Section 7.10.E of the SFO, as amended.

O. In the case of discrepancies between this SF2 and the SFO and the attachments, this SF2 shall govern.

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

- A. Exhibit A – Floor plans – 11 Pages and Site plan – 1 Page
- B. Exhibit B – BOMA Global Summary of Areas
- C. Exhibit C – Construction Schedule
- D. Exhibit D – LEED Scorecard for One Potomac Yard
- E. Exhibit E – Level 4 Lease Security Operating Standards; Lessor's Security Plan; and Attachment #2 (Facility Information Security Survey) – 24 Pages
- F. Exhibit F – Special Requirements (SFO Paragraph 9.4) – 8 Pages
- G. Exhibit G – Fire and Life Safety Evaluation – To be provided upon completion of building construction
- H. Solicitation for Offers #03-028 (revised to include Amendments 1 & 2) – 54 Pages
- I. GSA Form 1217 "Lessor's Annual Cost Statement" - 1 Page
- J. GSA Form 3517B - 28 Pages
- K. GSA Form 3518 - 5 Pages
- L. Small Business Subcontracting Plan – 6 Pages
- M. Davis Bacon Wage Rate Determination (June 13, 2003) – 4 pages
- N. Rider to Lease No. GS-11B-01718

LESSOR DSK GOVT [Signature]

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

Paragraphs 4 and 5 have been deleted in its entirety.

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

L
B
IN
OF

BY PRESIDENT

ADDRESS

ING OFFICER

LESSOR DBK GOVT

