

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

DATE OF LEASE:
FEB 20 2011

LEASE No. GS-11B-02259

THIS LEASE, made and entered into this date between **CLUNYGUS-BADENOCH, LLC,**

whose address is: **4305 Wheeler Avenue
Alexandria, VA 22304**

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 117,307 BOMA Rentable Square Feet (BRSF) yielding 117,307 BOMA Office Area Square Feet (BOASF) consisting of 43,956 BRSF of office and related space and 73,351 BRSF of warehouse and related space, together with 287 surface parking spaces, which together comprise the entirety of the buildings and parking located at 7943-7959 Cluny Court, Springfield, VA 22153 and 7944-7960 Angus Court, Springfield, VA 22153, to be used for office, warehouse, and related purposes as determined by the Government. (See Attachment #3 – Floor Plans of Leased Premises). This Lease replaces Lease Number GS-11B-01277, which expired on November 30, 2010. Effective from and after November 30, 2010, Lease No. GS-11B-01277 shall be of no further force or effect, except for the payment by the Government of all rents and real estate tax adjustments that accrued pursuant to said lease through November 30, 2010, and the Government hereby acknowledges that there shall be no remaining Tenant Improvement Allowance due under former Lease No. GS-11B-01277.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a TEN (10) YEAR firm term commencing December 1, 2010 and ending November 30, 2020, subject to the renewal option set forth in Paragraph 5 below.

3. The Government shall pay the Lessor annual rent of \$1,312,398.48 at the rate of \$109,366.54 per month in arrears (\$11.1877252/BRSF; \$11.1877252/BOASF). Rent checks shall be made payable to: Clunygus-Badenoch, LLC, 4305 Wheeler Avenue, Alexandria, VA 22304, or in accordance with the provision on electronic payment of funds. Notwithstanding the foregoing, the Government shall be entitled to rent abatement in the total amount of \$219,756.93 as follows: (a) a portion of the first month's rent shall be abated in the amount of \$17,258.01 and (b) a portion of the monthly shell rent shall be partially abated during the first three (3) months of the lease term, in equal monthly amounts of \$67,499.64, for a total amount of \$202,498.92, as more fully set forth in paragraph 6(e) below.

4. Intentionally Deleted

5. This lease may be renewed at the option of the Government, for the following term and at the following rental: The Government shall have the right to one [REDACTED] at an annual rental rate of [REDACTED] payable at the rate of [REDACTED] per month in arrears, plus the original real estate tax base, the original operating costs base and cumulative operating cost adjustments accrued during the initial lease term. Annual rental adjustments for increases and decreases in operating costs and real estate taxes shall continue to be made during the renewal term in accordance with the SFO and the original base amounts for operating costs and real estate taxes. The renewal option shall become effective provided notice be given in writing to the Lessor at least 270 calendar days before the end of the original lease term or within the additional time period for providing such renewal notice as set forth below. Said notice shall be computed commencing with the day after the date of mailing. In the event that the Government fails to provide written notice to the Lessor in a timely fashion as provided above, Lessor shall within a reasonable time provide written notice to the Government that no such renewal notice from the Government was received by Lessor and the Government shall have ten (10) business days after receipt of Lessor's notice to the Government to deliver to Lessor written notice exercising the renewal right. Such written notice to the Government shall be addressed to the attention of the then-current GSA Contracting Officer for this Lease at 301 7th St., SW, Room 6646, Washington,

DC 20004, or to such other address as may be subsequently provided by the Government in writing. No additional notice shall be provided by Lessor should the Government not deliver the written renewal notice within this ten (10) business day period. All other terms and conditions of this Lease shall remain the same during the renewal term.

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

- A) Common Area Maintenance (CAM), snow removal, landscaping, and repair and maintenance of the building shell as defined in Paragraph 6.B below. The annual rent does not include the cost of utilities (electricity, gas, and water/sewer), janitorial services, or dumpster services, which shall be paid directly by the tenant agency separate and apart from the rent due under this Lease. Lessor shall not be required to provide any service, alteration, or improvement not specifically required in this SF2.
- B) Except as otherwise set forth in this Paragraph 6.B, the Government hereby accepts the existing tenant improvements and building shells in their existing condition. For purposes of this Paragraph 6(B), the term "building shell" is understood to include the following building elements: roof; exterior and load bearing walls; support columns; existing exterior doors, windows, and loading docks; parking areas; ABAAS accessible entrances to be constructed by Lessor in accordance with Rider # 1 hereto; electrical entrance and distribution facilities up to and including the main power distribution breakers and warehouse distribution panels but not the down stream connections thereto; water service laterals from the main up to and including the main cut off valve in each of the eighteen building bays; structural integrity (not clogs) of waste water service from building slab to sewage main; ABAAS-compliant restrooms to be provided in accordance with Rider #1; lighting fixtures in warehouse areas (excluding bulb replacements); those HVAC Systems that are the Lessor's responsibility under Paragraph 6.J. below; and those fire and life safety improvements that are the Lessor's responsibility under Paragraph 6.B.3. Lessor represents that such building shells are in good repair and tenable condition as of the execution date of this lease or will be upon completion of the Lessor-provided improvements set forth below. The intent of this qualification is to recognize that the Government may find such items or conditions to be at least minimally acceptable with regard to the Government's continued occupancy of the space. Nonetheless, such items or conditions are to be in "good repair and tenable condition" at the time of the lease commencement or upon completion of the Lessor-provided improvements set forth below.
- Notwithstanding the foregoing, Lessor shall, at its expense:
- (1) Provide base building improvements as identified in and in accordance with Rider #1 hereto;
 - (2) Provide and install an awning over the main entrance to 7943 Cluny Court;
 - (3) Replace the HVAC unit serving the firing range office;
 - (4) Repair the roof leak in the firing range area;
 - (5) Repair ceiling grid, replace stained ceiling tiles, and install ceiling tiles where they are missing from the existing grid;
 - (6) Provide all fire and life safety improvements and corrections as required to bring the building shell into compliance with all fire and life safety codes as if the building were used for low hazardous storage warehouse and contained rack storage at a level no greater than 12 feet from the floor. The Government shall be responsible for any additional fire and life safety improvements and corrections required by such codes as a result of (i) other uses of the space or (ii) any alterations or improvements made to the space by the Government at any time.; and
 - (7) Maintain and repair (or replace, if necessary) such items or conditions that relate to the building shell so that they remain in "good repair and tenable condition" throughout the term of this lease. Further, if any replacement of building shell elements shall become necessary during the term of this Lease, such replacement shall be no less than equal in quality and function to the existing. Lessor shall not make repairs or replacements to the building shell made necessary by the Government's improper use or damage to such building shell elements which exceed ordinary wear and tear. In the event of such improper use or damage, the Government shall be responsible for the costs to repair or replace such damaged building shell elements at its sole expense.

Lessor shall complete the foregoing work within 365 calendar days following lease execution. The Lessor may perform the work during normal business hours. The parties shall cooperate with each other in the scheduling and coordination of the work and in vacating areas to be worked on so as not to delay the performance of the work by the Lessor and its contractors and so as to minimize the disruption to the Government's continued use and occupancy of the space. Delays caused by the Government or by Fairfax County, which are beyond the control of the Lessor, shall result in a day for day extension in the time period allowed for the Lessor to complete its work.

Within 120 calendar days following lease execution, the parties shall complete the corrective actions identified in Rider #2 hereto as follows: the Lessor shall be responsible for corrective action number 2 for 7943-7959 Cluny Court and corrective action number 4 for 7944-7960 Angus Court, and the Government shall be

responsible for all other corrective actions. The Government shall complete all additional corrective actions identified as the Government's responsibility in paragraph number 2 of SLA No. 4 to former lease number GS-11B-01277 (a copy of which is attached hereto as Attachment 13) no later than September 30, 2011. All of the foregoing corrective actions required to be completed by the Government may be funded from the Tenant Improvement Allowance under this Lease.

- C) The rental rate set forth in Paragraph 3 above includes a Tenant Improvement Allowance in the amount of \$821,149.00 (\$7/BOASF). The foregoing Tenant Improvement Allowance consists of \$586,535.00, which is being amortized over the ten (10) year firm term at a rate of 6.25% (hereafter the "Amortized TIA") and \$234,614.00, which is not being amortized over the ten (10) year firm term (hereafter the "Unamortized TIA"). Such 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 accordance with the SFO and/or to offset the Government's rental obligation to the Lessor. The Government shall endeavor to utilize Unamortized TIA before utilizing the Amortized TIA. However, if the Government does not utilize the entire amount of the Unamortized TIA, the Government may utilize the remainder of such Unamortized TIA to reduce the rental rate on a dollar for dollar basis. If the Government does not utilize the entire amount of the Amortized TIA, the rent shall be adjusted downward using the 6.25% amortization rate. A mutually agreed upon Supplemental Lease Agreement will be executed upon the Government's acceptance of the initial tenant improvements as substantially complete that finalizes the rent using the final Tenant Improvement Allowance utilized. The actual cost of the tenant improvements will be determined by the competition and cost proposal process as set forth in the SFO Paragraph 8.2 "Tenant Improvement Rental Adjustment" and Paragraph 8.4 "Tenant Improvements Pricing Requirements," 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's review of cost and pricing data. The Government shall provide the Lessor with a list and specifications for the Tenant Improvement Allowance work and the Lump Sum Work (as defined below) within 30 days after lease execution.
- D) The Lessor shall design and construct on behalf of the Government and in accordance with the SFO those initial tenant improvements to be funded from the Tenant Improvement Allowance. The following limits on markups shall apply to all initial tenant improvements, including change orders, funded from the Tenant Improvement Allowance:
- (1) General Conditions shall not exceed eight percent (8%) of total subcontractors costs;
 - (2) General Contractor's fee shall not exceed three percent (3%) of total subcontractors costs;
 - (3) Architectural and Engineering fees shall not exceed six percent (6%) of total general contractor and subcontractors costs; and
 - (4) Lessor's Project Management fees shall not exceed three percent (3%) of total general contractor and subcontractors costs.

These markups are all subject to the right of the Government to reasonably negotiate lower markups based upon the actual Scope of Work of the requirement.

In addition to the initial tenant improvements to be funded from the Tenant Improvement Allowance as set forth above, the Lessor will, upon request by the Government, design and construct additional initial tenant improvements to be paid by the Government in a lump sum not to exceed \$7.00 per BOASF (the "Lump Sum Work"). With respect to such Lump Sum Work, the Lessor's Project Management fees shall not exceed 3% of the total general contractor and subcontractor costs. All other markups applicable to such Lump Sum Work shall be negotiated by the parties based on the complexity of the work and other commercially reasonable factors. All such initial tenant improvements shall be completed within the later of 365 days of the Lease execution or 365 days of the date of the written agreement on the specifications for the scope of the Tenant Improvement Allowance work and the Lump Sum Work.

- E) In accordance with Paragraph 1.7 "Broker Commission and Commission Credit" of the Lease, Studley, Inc. is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Studley have agreed to a cooperating lease commission of [REDACTED] of the lease value for the firm term of the lease. 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 to be taken during the first three (3) months 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 earned upon award and paid to Studley, Inc. within 30 days following execution of this Lease by the Government.

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 1st month of the rental payments and as indicated in this schedule for adjusted Monthly Rent:

First (1st) Month's Rental Payment of \$109,366.54 minus partial rent abatement of \$17,258.01 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month's Rent.

Second (2nd) Month's Rental Payment of \$109,366.54 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month's Rent.

Third (3rd) Month's Rental Payment of \$109,366.54 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Third Month's Rent.

- F) The Government's percentage of occupancy for real estate tax purposes shall be 100%, based on 117,307 BRSF / 117,307 BRSF. Evidence of payment of taxes shall be furnished as provided by Paragraph 2.2(c)3 of the SFO.
- G) For purposes of Paragraph 2.3 of the SFO, as of the date hereof, the operating cost base is \$68,847.20 (\$0.5868976 per BRSF; \$0.5868976 per BOASF).
- H) Pursuant to Paragraph 2.1(c) "Common Area Factor", the Add-On Factor is determined to be 1.00, calculated as follows: 117,307 BRSF / 117,307 BOASF.
- I) Pursuant to paragraph 2.5 of the SFO, the adjustment for vacant premises shall be \$0.0546/BOASF.
- J) The Lessor shall maintain, repair and replace all HVAC Systems (AHUs and RTUs) identified as Lessor HVAC systems on the roof diagrams attached hereto as Attachment 12, inclusive of all electrical and plumbing systems directly supporting such HVAC systems and installed by Lessor. All other HVAC Systems shown on the attached roof diagrams as Government HVAC Systems, including but not limited to all Liebert Systems and HVAC Systems serving containers, labs, and computer server rooms within the buildings, shall be maintained, repaired and replaced by the Government at its sole expense.
- K) The Lessor shall undertake the following additional work, which shall be funded from the Tenant Improvement Allowance. Roof work shall be performed by R.D. Bean Roofing, Inc.:
 - (1) Provide and install correctly sized curbs for the HVAC units serving 7956 and 7960 Angus Court, including disconnecting and reconnecting such units as necessary, and repair roof damage resulting from the existing, incorrectly sized curbs; and
 - (2) Repair damage resulting from improper roof work previously performed by the Government's contractor at 7946 Angus Court.
- L) SFO Paragraphs 3.4 and 3.6 are hereby deleted. Effective from and after the commencement date of this Lease, prior to removing any currently existing, block, demising walls between warehouse bays, the Government shall provide written notice to the Lessor. The Lessor shall have ten (10) business days from receipt of such notice to notify the Government in writing as to whether or not the Government shall be required to reconstruct such block, demising walls at the expiration of the Lease. If the Lessor requires reconstruction, the Government prior to Lease expiration shall reconstruct such block, demising walls to the condition that existed as of the commencement date of this Lease. If the Government fails to notify the Lessor of the removal of any currently existing, block, demising walls, as required in this paragraph, and removes such walls anyway, then the Lessor shall have the right to require the Government to reconstruct such walls as of the Lease expiration.
- M) The Government shall be responsible, at its sole expense, for all environmental remediation made necessary under applicable law because of its use at any time of the buildings and land comprising the leased premises. Prior to Lease expiration, the Government at its sole expense shall remove from the premises the firing range, all spent and unspent ammunition, and all lead and other ammunition residue and shall repair, restore, and rebuild to the original warehouse design specifications the portions of the building affected by such removal.
- N) In the event of a conflict between this Standard Form 2 and any other documents that comprise this Lease, this Standard Form 2 shall govern.

7. The following are attached and made a part of the Lease:

- (1) Rider # 1, Lessor's Scope of Base Building Work, 7 pages
- (2) Rider # 2, Fire Protection and Life Safety, 4 pages
- (3) Floor Plans of the Leased Area, 3 pages
- (4) Solicitation For Offers (SFO) #9VA2452, 86 pages
- (5) Attachment #2, Construction Schedule, 1 page
- (6) Attachment #3, Scope of Work for DID's, Working CD's and Project Schedule, 2 pages
- (7) Attachment #4, Prelease Fire Protection and Life Safety, 30 pages
- (8) Pre-Lease Building Security Plan, 16 pages
- (9) GSA Form 1217 - Lessor's Annual Cost Statement, 2 pages
- (10) GSA Form 3517B - General Clauses, 33 pages
- (11) GSA Form 3518 - Representations and Certifications, 13 pages
- (12) HVAC Systems Rooftop Diagrams
- (13) SLA No. 4 to former lease number GS-11B-01277

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

Lessor: **CLUNYGUS-BADENOCH, LLC, a Virginia Limited Liability Company**

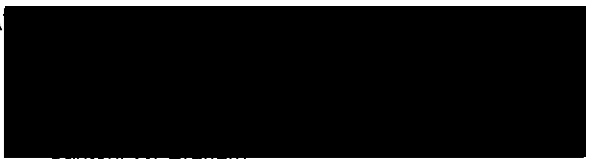
By: 
Douglas C. Morrison, its President

IN PRESENCE

OF: 

ADDRESS: 

UNITED STATES

By: 
Contracting Officer, National Capital Region
General Services Administration