

This Lease is made and entered into between

**CESC Gateway Two Limited Partnership**

("the Lessor"), whose principal place of business is c/o Vornado/Charles E. Smith L.P., 2345 Crystal Drive, Suite 1000, Arlington, VA 22202, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

("the Government"), acting by and through the designated representative of the General Services Administration ("GSA"), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

The Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

**1225 South Clark Street, Arlington, VA 22202-3296**

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein.

**LEASE TERM**

To Have and To Hold the said Premises with their appurtenances for the term beginning October 1, 2012 and continuing for a period of

**10 Years, 10 Years Firm,**

subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by GSA.

in evidence their agreement to all terms and conditions set forth herein by their signatures below, to be executed Lease to the Lessor.

[Redacted signature area]

F [Redacted signature area]  
T  
Lease LCO  
Date: 12/4/12

Name: [Redacted]  
Title: Executive office Manager  
Date: 02/17/12

LESSOR: [Signature] GOVERNMENT: [Signature]

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**SECTION 1 THE PREMISES, RENT, AND OTHER TERMS**

**1.01 THE PREMISES (AUG 2011)**



The Premises are described as follows:

Office and Related Space: 68,035 rentable square feet (RSF), yielding 55,707 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related space based upon a common area factor of 22.13 percent, located on the entirety of floor(s) **2, 3, and 12**, and a portion of floor **9**, and known as Suite(s) **200** (15,481 RSF; 12,849 ABOA SF), **300** (19,955 RSF; 16,488 ABOA SF), **910** (12,665 RSF; 10,185 ABOA SF), and **1200** (19,954 RSF; 16,185 ABOA SF), respectively, of the Building, as depicted on the floor plans attached hereto as Exhibit A. This Lease replaces the entirety of former Lease No. GS-11B-01810 consisting of the entire second floor (formerly 14,465 RSF, 11,928 USF; remeasured as 15,461 RSF, 12,849 ABOA SF), which has been terminated by the Government effective September 30, 2012. This Lease also replaces the portions of former Lease No. GS-11B-80525 consisting of the entire third floor (formerly 18,228 RSF, 16,211 USF; remeasured as 19,955 RSF, 16,488 ABOA SF) and Suite 910 (formerly 11,468 RSF, 10,199 USF; remeasured as 12,665 RSF, 10,185 ABOA SF), which have been terminated by the Government effective September 30, 2012, and the portion of former Lease No. GS-11B-01800 consisting of the entire 12<sup>th</sup> floor (formerly 19,537 RSF, 16,110 USF; remeasured as 19,954 RSF, 16,185 ABOA SF), which has been terminated by the Government effective September 30, 2012. The remaining portions of Lease No. GS-11B-80525 and Lease No. GS-11B-01800, which are not included in the Premises under this Lease, have also been terminated by the Government effective September 30, 2012.

**1.02 EXPRESS APPURTENANT RIGHTS (AUG 2011)**

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Government Rules and Regulations within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

A. Parking: 0 unreserved, in-and-out parking permits for the building's on-site structured parking garage, which permits shall be available for use by official government vehicles. In addition, Lessor shall provide the Government and its employees the right to purchase additional permits for unreserved parking in the garage of the building as set forth in Section 1.03(G) below. The building shall have parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

LESSOR:  GOVERNMENT: 

1.03 RENT AND OTHER CONSIDERATION (AUG 2011)

A. Effective upon the lease term commencement date of October 1, 2012, the Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM		NON FIRM TERM	
	ANNUAL RENT	ANNUAL RATE/RSF	ANNUAL RENT	ANNUAL RATE/RSF
SHELL RENT	\$2,021,161.52	\$29.71	\$NA	\$NA
TENANT IMPROVEMENTS RENT <sup>1</sup>	\$ 111,414.00	\$1.64 <sup>3</sup>	\$ NA	\$NA <sup>3</sup>
OPERATING COSTS	\$ 453,364.44	\$6.66	\$ NA	\$NA
BUILDING SPECIFIC SECURITY <sup>2</sup>	\$ 12,358.80	\$0.18 <sup>3</sup>	\$ NA	\$NA <sup>3</sup>
<b>TOTAL ANNUAL RENT</b>	<b>\$2,598,298.76,</b>	<b>\$38.19</b>	<b>\$NA</b>	<b>\$NA</b>

<sup>1</sup>The Tenant Improvement Allowance is amortized at a rate of 0 percent per annum over 10 years.

<sup>2</sup>Building Specific Security Costs are amortized at a rate of 0 percent per annum over 10 years.

<sup>3</sup>Rates may be rounded.

B. Rent is subject to adjustment based upon a physical mutual measurement of the Space upon acceptance, not to exceed 55,707 ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

D. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

E. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration.

F. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in "Paragraph 1.01, THE PREMISES" created herein;
2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;
3. Performance or satisfaction of all other obligations set forth in this Lease; and
4. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease. Notwithstanding the foregoing, above-standard utilities, maintenance, repair, replacement or other services for Government-owned equipment in the Premises, including but not limited to any existing or future HVAC equipment for areas of the Premises requiring spot heating or cooling or which operate for extended hours beyond normal building hours, shall be provided by the Lessor at the expense of the Government.

G. During the term of the Lease, the Government, including Government employees occupying the leased premises, may purchase individual permits separate and apart from the rental due under Paragraph 1.03(A) hereof for up to 113 parking permits in the on-site structured parking garage at annual rates of \$1,980 (\$165 per month) per unreserved permit and \$3,960 (\$330 per month) per reserved space permit. Commencing on the first anniversary of the Lease, and every anniversary thereafter, the foregoing parking rates shall escalate at market.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (AUG 2011)

A. Studley, Inc. ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [redacted] and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties. Only [redacted] of the Commission, will be payable to Studley, Inc. with the remaining [redacted] which is the "commission credit", to 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 practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this lease shall be reduced to recapture fully this commission credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 1 Rental Payment \$216,524.90 minus prorated commission credit of [redacted] equals [redacted] adjusted 1<sup>st</sup> Month's Rent.

Month 2 Rental Payment \$216,524.90 minus prorated commission credit of [redacted] equals [redacted] adjusted 2<sup>nd</sup> Month's Rent.

[Type text]

1.05 INTENTIONALLY DELETED

1.06 INTENTIONALLY DELETED

1.07 DOCUMENTS INCORPORATED BY REFERENCE (SEPT 2011)

The following documents are incorporated by reference, as though fully set forth herein:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN(S)	4	A
INTENTIONALLY OMITTED	NA	B
AGENCY-SPECIFIC REQUIREMENTS	NA	C
ADDITIONAL SECURITY REQUIREMENTS	3	D
GSA FORM 1217, LESSOR'S ANNUAL COST STATEMENT	1	E
GSA FORM 3517B GENERAL CLAUSES	48	F
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	7	G
SMALL BUSINESS SUBCONTRACTING PLAN	13	H
SECURITY UNIT PRICE LIST	2	I
FIRE PROTECTION AND LIFE SAFETY REPORT AND RIDER #1	27	J
PRE-LEASE SECURITY PLAN	13	K
SEISMIC CERTIFICATION	4	L
PROJECT SCHEDULE	1	M

1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$20.00 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for the TIs. This amount is amortized in the rent over the firm term of this Lease at an annual interest rate of 0 percent. In addition, the Government shall be entitled, but not obligated, at its sole discretion and at any time within one year following lease award, to increase the foregoing Tenant Improvement Allowance by an additional amount of up to \$22.08/ABOA SF for a total Tenant Improvement Allowance of up to \$42.08/ABOA SF, and the Total Annual Rent shall be increased to amortize the additional amount over the remaining firm term of this Lease at an annual interest rate of 0 percent.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2011)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TI Allowance. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the firm term.

B. The Government shall have the right to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the firm term of the Lease, the Government, at its sole discretion, may choose to pay lump sum for any part or all of the remaining unamortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the firm term of the Lease.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government shall have the right to either:

1. Reduce the TI requirements;
2. Pay lump sum for the overage upon substantial completion in accordance with the lease paragraph entitled "Acceptance of Space and Certificate of Occupancy;" or
3. Negotiate an increase in the rent.

1.10 TENANT IMPROVEMENT FEE SCHEDULE (AUG 2011)

For pricing TI Costs as defined herein, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF OR % OF CONSTRUCTION COSTS)	\$3.55 <sup>1</sup>
LESSOR'S PROJECT MANAGEMENT FEE (% OF CONSTRUCTION COSTS)	3%
GENERAL CONTRACTOR'S OVERHEAD AND PROFIT	6%
GENERAL CONTRACTOR'S GENERAL CONDITIONS	3%

GENERAL CONTRACTOR'S GENERAL CONDITIONS	3%
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<sup>1</sup>Architectural/Engineering fees of \$3.55 per ABOA SF assume that the Lessor is responsible for the cost of DIDs and that the Government is responsible for the cost of CDs. The fee applies to full renovation projects. The fee shall be adjusted downward on a project-by-project basis to reflect reduced scopes of work.

**1.11 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE (AUG 2011)**

As of the lease award date, the Government's percentage of occupancy, as defined in the Real Estate Tax Adjustment clause of this lease is 23.61 percent. The percentage of occupancy is derived by dividing the total Government space of 68,035 RSF by the total building space of 288,191 RSF.

The real estate tax base, as defined in the Real Estate Tax Adjustment clause of the Lease shall be the real estate taxes paid for calendar year 2012.

**1.12 OPERATING COST BASE (AUG 2011)**

The parties agree that for the purpose of applying the clause titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$6.66 per rentable sq. ft (\$453,364.44/annum).

**1.13 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (AUG 2011)**

In accordance with the section entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the entire or any portion of the leased Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.00 per ABOA SF of space vacated by the Government or \$1.20 per ABOA SF if all leased space on a floor is vacated.

**1.14 HOURLY OVERTIME HVAC RATES (AUG 2011)**

The following rates shall apply in the application of the clause titled "Overtime HVAC Usage:"

- \$35.97<sup>1</sup> per hour per zone
- No. of zones: 1
- \$ 35.97<sup>1</sup> per hour for the entire space.

<sup>1</sup>Monday through Sunday. The overtime rate quoted does not include the services of an engineer or maintenance mechanic during overtime hours. In the event an engineer or maintenance mechanic is requested by the Government, the rate of such labor costs shall be negotiated. The overtime rate quoted shall be subject to annual adjustment in the same manner as base operating costs as set forth in Lease Section 2.08. In the event that the Government and another tenant of the building (including another Government tenant) request simultaneous overtime service, the applicable overtime charge shall be pro-rated over the square footage of each tenant for the simultaneous hours requested.

**1.15 24-HOUR HVAC REQUIREMENT AND SPOT HEATING AND COOLING (APR 2011)**

The hourly overtime HVAC rate specified above shall not apply to any portion of the premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the premises, such services shall be submetered at the Government's sole cost and expense and paid by the Government separate and apart from the rental rate set forth in Clause 1.03 above. In addition to the foregoing, utilities for areas of the Premises requiring spot heating or cooling shall be submetered at the Government's sole cost and expense and paid by the Government separate and apart from the rental rate set forth in Clause 1.03 above.

**1.16 ADDITIONAL BUILDING IMPROVEMENTS (AUG 2011)**

In addition to construction of the Tenant Improvements as required in this Lease, the Lessor shall be required to complete the following additional building improvements (e.g., Fire Protection and Life Safety, Seismic, and Energy Efficiency) prior to acceptance of the Space except as otherwise provided in this Lease and its attachments:

- A. All base building improvements required to meet the requirements of this Lease.
- B. Corrections identified in the attached Fire Protection and Life Safety Report and Rider.

LESSOR:  GOVERNMENT: 