

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

8/24/2011

LEASE No. GS-11B- 02293

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

TO HAVE AND TO HOLD THIS LEASE, made and entered into this date by and between Fishers Lane LLC. whose address is:

4445 Willard Avenue, Suite 400
Chevy Chase, MD 20815-1750
c/o: The JBG Companies

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:

1. The Lessor hereby leases to the Government the following described premises:

A total of 935,386 BOMA rentable square feet (BRSF) equivalent to 823,931 ANSI/BOMA Office Area square feet (ABOASF) of office and related space at a rate of \$34.50 per BRSF or \$39.17 per ABOASF, consisting of the entirety of the building, comprised of two wings, being Wing A and Wing B thereof, in the Parklawn Building located at 5600 Fishers Lane, Rockville, Maryland 20852-1750 and as specified in Exhibit A (Floor Plans), as well as 20 reserved and secured parking spaces located within in the building.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a fifteen (15) year firm term commencing in accordance with Paragraphs 1.9 and 5.11 of the Solicitation for Offers No. 08-011 as amended. The parties will execute a supplemental lease agreement (SLA) after the commencement date to memorialize the commencement and expiration dates of the lease term.
3. The Government shall pay the Lessor annual rent of \$32,270,817.00 (\$34.50 BRSF or \$39.17 per ABOASF) at the rate of \$2,689,234.75 per month in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to Fishers Lane, LLC or in accordance with the provision on electronic payment of funds.

Notwithstanding the foregoing, the rent shall be fully abated for space as accepted by the Government through phased delivery until the abatement is exhausted. The aggregate rental abatement shall be equivalent in value to \$48,406,225.50

4. [Intentionally Deleted]
5. The Government is hereby granted the right (the "Renewal Option"), at its option, to extend the Lease Term beyond the Initial Term for one (1) additional period of [REDACTED]. The Government may exercise its Renewal Option ONLY for all of the Lease Premises and improvements located therein.

The parties hereto agree that if the Government chooses to exercise the Renewal Option, the Base Rent for the Leased Premises throughout the Renewal Term will be [REDACTED] at the beginning of the Renewal Term, exclusive of any Government Tenant Broker Fees ("Fair Market Rent"). The Fair Market Rent is determined in accordance with the appraisal procedure described below; provided that, the Base Rent shall not in any event, on a "per rentable square foot" basis, be less than one hundred percent (100%) of the Base Rent for the last Lease Year of the Initial Term.

Fair Market Rent will be the full service rental rate per rentable square foot for similar first class office buildings in the Rockville area of Montgomery County, Maryland. During the Renewal Term, the Operating Expenses as defined on GSA Form 1217 shall be adjusted to equal the actual Operating Costs incurred in the first year of the Renewal Term. Annual adjustments will be calculated during the Renewal Term pursuant to the Solicitation.

Not later than the 144th month of the Initial Term, nor earlier than the 138th month of the Initial Term, the Lease Expiration Date, the Government shall have the right to send to the Lessor notice of its intention to exercise the Renewal Option and request a computation of the applicable Fair Market Rent. Within thirty (30) days of receipt of such notice, each party will engage an independent appraiser, who will be reputable and knowledgeable of the Rockville, MD commercial real estate market with a minimum of 15 years professional

LESSOR [Signature] GOV'T [Signature]

experience, to make the respective calculation of Fair Market Rent. Said determination will be accomplished within ninety (90) days. If the appraisals are within five percent (5%) of each other, the Fair Market Rent will be the average of the two appraisals. If they are greater than five percent (5%) apart from each other the two appraisers will select a third appraiser (consistent with the qualifications above) within thirty (30) days of the receipt of the original appraisals to select which of the two appraisals that is the most accurate in his/her opinion. Said determination will be completed within thirty (30) days of the selection of the third appraiser, and will be binding on both parties. After such determination of the Fair Market Rent, Lessor and the Government will execute a Supplemental Lease Agreement not later than 18 months prior to the Lease Expiration Date. If the Government does not send any such written notice, the Government will be deemed not to have elected to exercise the Renewal Option

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

- A) All services, improvements, alterations, repairs, and utilities as defined by this lease.
- B) The annual rent set forth in Paragraph 3 of this Standard Form 2 (SF-2) includes a \$38.30 per ABOASF Tenant Improvement allowance amortized at 0.0% over the initial firm term, which amortization amount equals \$2.25 per BRSF or \$2.55 per ABOASF per year. The total amount of the Tenant Improvement allowance is \$31,556,557.30. The Government shall be entitled to utilize the Tenant Improvement allowance to pay for any improvements performed by the Lessor at the Government's expense. In accordance with SFO Paragraph 3.3, the Government may return to the Lessor any unused portion of the Tenant Improvement Allowance in exchange for a decrease in rent according to the amortization rate over the firm term. The allocated use of the Tenant Improvement Allowance shall be consistent with the Tenant Improvement phases as determined by the proposed Construction Schedule (Exhibit B). The Government acknowledges that no costs relating to tenant improvement work beyond the anticipated costs to implement all tenant improvement items outlined in the SFO and those established in the Program of Requirements (POR) dated 2008, inclusive of the warm lit shell credit, if applicable, are included in this lease. If the Government requests work in excess of the shell requirement and Tenant Improvements as specified in the SFO and POR, which is not anticipated to exceed \$80.00 per ANSI/BOMA square foot, the cost of such work shall include the costs of financing to the extent that the Lessor incurs those financing costs through substantial completion. In such an event, all such financing costs charged to the Government shall be reasonable based on current market standards.
- C) In connection with the initial or subsequent buildout of tenant improvements, the following limits on markups, fees, and design costs shall apply: (1) General Conditions fee shall not exceed seven percent (7.0%) of the Construction Costs; (2) General Contractor's fee shall not exceed four (4.0%) of the Construction Costs; (3) Architectural and Engineering fees shall not exceed \$4.70 per ABOASF; and (4) Lessor's Project Management fees shall not exceed five percent (5.0%) of the Construction Costs. The mark-ups applied to any necessary work in excess of this amount shall be mutually determined by the Government and Lessor. These markups are all subject to the right of the Government and Lessor to reasonably negotiate lower individual markups based upon the actual scope of work of the requirement. Furthermore, the above stated mark-ups shall apply to any necessary work in excess of the amount of Tenant Improvement Allowance provide by the Lessor as defined in paragraph C of this document; unless the nature of such work materially differs in complexity to that of the initial improvements as outlined in the original Parklawn Lease Replacement Micro Program of Requirements dated 10/30/2008. In such cases, appropriate mark-ups shall be reasonably negotiated by the Lessor and the Contracting Officer.
- D) The Government shall have the option to accept a warm lit shell allowance of \$17,172,026 in lieu of the Lessor furnishing the following Building Shell requirements as outlined in Section 1.13A of the SFO: Items 3, 5, 8, 10, and 11. The Government shall have a deadline of October 14, 2011 to exercise the option to take the Warm Lit Shell Credit. After October 14, 2011, the Government shall no longer have the option to receive the warm lit shell allowance, and the Lessor shall provide the warm lit shell in accordance with the terms of this lease. The period prior to October 14, 2011 shall not constitute "delay", provided that this decision does not otherwise delay the Government or Lessor from discharging its obligations and deliverables. If exercised, the total Tenant Improvement Allowance available for use by the Government shall be \$48,728,583. If the Warm Lit Shell Credit option is not exercised, the Lessor will provide building shell requirements in accordance with SFO paragraph 1.13A of the SFO. The allocated use of the warm lit shell credit shall be consistent with the Tenant Improvement phases as determined by the proposed Construction Schedule (Exhibit B).
- E) The Lease Commencement Date will be calculated based on the composite of the phased occupancy dates. Phased occupancy will occur in accordance with SFO Paragraphs 1.9 and 5.11. Space, including all Lessor provided base building improvements and tenant improvements, must be substantially completed so as to permit phased occupancy to be completed no later than July 30, 2014, per Exhibit B. The Lessor and Government shall negotiate a schedule for design, construction and phased occupancy that is generally

consistent with the terms and timeframes set forth in the proposed Construction Schedule (Exhibit B) attached hereto. The start date for the initial task shall commence upon the later occurring of these two dates: 1. The date that is two (2) business days after full execution of this lease; or 2. The date upon which the Government delivers a POR to the Lessor. The Government anticipates that the POR will be available by January 1, 2012. The Lessor shall, within two (2) business days after receipt of the POR, notify the Government of any deficiencies within the POR that prevent the Lessor's discharge of its obligations..

The absolute value of the number of days of one party's delay minus the number of days of delay of the remaining party's delays shall equal the total number of days of delay. Delay in substantial completion shall then be attributable to the party having caused the greatest number of days of delay and shall be termed either "Government Delay" or "Lessor Delay" as appropriate. Non-excusable Delay attributable to either party may be proportionally offset by that party by the early completion of one or more of the tasks that are that party's responsibility under the contractual schedule

If, after the calculation described above is performed, it is found that Government Delay exceeds Lessor Delay, then the Rent Commencement date shall be adjusted to the date that is the same number of days earlier than the Acceptance Date as the number of days that Government Delay exceeded Lessor Delay. If Lessor Delay exceeds Government Delay, then the Acceptance Date shall be adjusted to be that many days later than the Acceptance Date as defined by the mutually agreed upon construction schedule, as equals the number of days that Lessor Delay exceeded Government Delay. Each day of Lessor Delay shall be governed by Paragraph 5.7 of SFO 08-011. Any rental payment paid by the Government prior to actual occupancy shall be less the cost for variable services and utilities not provided to the premises.

- F) The adjustment for vacant premises shall be \$2.00 per ABOA square foot for partially vacant floors, \$3.00 per ABOA square foot for fully vacant floors, and \$4.00 per ABOA square foot for the entire vacant building in accordance with Paragraph 4.4 of SFO No. 08-011 as amended.
- G) Pursuant to Paragraph 4.2 of the SFO, the Government's percentage of Occupancy is 100.00% for tax purposes, as calculated: 935,386 BRSF/ 935,386 BRSF. If any tax credit is due to the Government as a result of Lessor's appeal of the tax assessment during the lease term, the credit to the Government will be net of the Lessor's reasonable and actual out-of-pocket costs of the appeal.
- H) Pursuant to Paragraph 4.1(C) of the SFO, the "Common Area Factor" is calculated to be 1.135272, as calculated: 935,386 BRSF/823,931 ABOA.
- I) The base amount for annual operating costs adjustments is \$8,080,656.00 (\$8.6388 per BRSF or \$9.8074 per ABOASF), which shall be adjusted annually by the CPI in accordance with Paragraph 4.3 of the SFO.
- J) Notwithstanding anything in the SFO or the attachments thereto to the contrary, the rate for overtime HVAC services on the building's three (3) zones per floor shall be \$100.00 per hour per initial zone, and \$12.50 per hour per additional zone. The overtime rates are subject to a four (4) hour minimum on weekends and holidays. In year two of the lease term the Government and Lessor shall evaluate the actual costs for such overtime services. The actual costs for each of the foregoing rates shall be increased by three (3%) annually commencing on the first anniversary of the Lease Commencement Date.
- K) The twenty (20) reserved parking spaces for Official Government Vehicles as discussed in Paragraph 1 of this SF-2, shall be at no additional charge to the Government throughout the lease term.
- L) All janitorial services outlined in paragraph 4.9 of the SFO shall be performed during Normal Hours at no additional cost to the Government.
- M) Commission and Commission Credit – In accordance with SFO Paragraph 2.5, Broker Commission and Commission Credit, CB Richard Ellis ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Broker have agreed to a cooperating lease commission of [REDACTED] of years 1-10 and [REDACTED] of years 11-15 of the firm term value of this lease ("Commission"). 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. [REDACTED] or [REDACTED] of the Commission, will be payable to CB Richard Ellis. The remaining [REDACTED] or [REDACTED] which is the "Commission Credit", shall 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 period practicable.

Notwithstanding Paragraph 3 of this Lease, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence the month

following exhaustion of the rental abatement as described in Section 3, and be spread over three (3) months as a [REDACTED] monthly reduction.

- N) Upon completion of the base building modernization work and tenant improvement construction and prior to full occupancy, Lessor shall, in addition to complying with Rider 1 of this SF-2, provide an updated Fire and Life Safety Evaluation report and shall correct all deficiencies and comply with all recommendations and findings of the Fire Protection & Life Safety Evaluation report prepared by a Certified Fire Protection Engineer, as well as the recommendations and findings of the GSA Fire Protection Engineering Section's review of the report within 90 days of receipt.
- O) The Lessor shall be responsible for all corrections identified in the Federal Protective Services report and comply with all recommendations, as required by the terms and conditions of this lease.
- P) The terms and conditions of this lease are in no way dependent upon or subject to the Lessor's ability to secure Tax Increment Financing or any other economic incentives from any State, County or local jurisdiction.
- Q) The rentable and usable square feet as stated in this SF-2 is to be confirmed by a measurement upon completion of the Base Building modernization. Prior to acceptance of the space by the Government, Lessor, at Lessor's cost, shall have the space measured by a qualified architect. Adjustments to the measurements or annual rent detailed in this SF-2 shall be adjusted based on the rate of \$34.50/BRSF, should the measurement show this SF-2 to be incorrect. In addition, the Government's percentage of occupancy shall be adjusted if required.
- R) In accordance with SFO section 1.8, Lessor shall make available for employee use, at employee cost, a minimum of 1,533 parking spaces including all of the parking spaces available in the building garage, net of the 20 official Government parking spaces referenced within Paragraph L of this document.
- S) The offer, as reflected in the Final Proposal Revision of December 17, 2010 incorporates and revises the prior proposals by Lessor, shall constitute the Lessor's complete offer, and the Lessor must provide for all elements of the offer. Any deviations from the offer must be approved by the Contracting Officer, in advance. The approval of any alterations and/or deviations shall not be unreasonably withheld, delayed or conditioned.
- T) In accordance with SFO Section 3.8 the Lessor understands and agrees that, at its sole cost and expense, it must implement any and all mitigation measure(s) identified in Exhibit N in order to assist the Government in reaching a "mitigated" finding of no significant impact. All findings and recommendations set forth in the attached NEPA Mitigation Report must be corrected and remedied such that the Lessor fully comply with the NEPA Mitigation Report prior to the Government's occupancy and determination of substantial completion.
- U) Lessor, at its sole cost and in accordance with SFO Paragraph 1.9, is responsible for the modernization of the base building in order to meet all the requirements of this SFO, including but not limited to Sustainability and Security requirements. The full extent of the aforementioned modernization is outlined in Exhibit C (Base Building Modernization) of this SF-2.
- V) In accordance with SFO Paragraph 1.9, the Lessor will be responsible for providing swing space equal in size and quality to the amount of space vacated from time to time during the modernization. The modernization and swing space will occur in phases as described in Exhibit D (Swing Space Phasing) of this SF-2.
- W) In the event of a conflict between this SF-2 and any other documents that comprise the Lease, the SF-2 shall govern.

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

- A) Solicitation for Offers #08-011, 67 pages;
- B) Exhibit A – Floor Plans, 9 pages;
- C) Exhibit B – Construction Schedule, 3 pages;
- D) Exhibit C - Base Building Modernization, 25 pages;
- E) Exhibit D – Swing Space Phasing, 12 pages;

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- F) Unit Price List, 2 pages;
- G) GSA Form 1217, Lessor's Cost Statement, 2 pages;
- H) GSA Form 3517B, General Clauses, 33 pages;
- I) GSA Form 3518, Representations And Certifications, 10 pages;
- J) Small Business Subcontracting Plan, 15 pages;
- K) Commitment to provide and correct Pre-Lease Building Security Plan, 1 page;
- L) Commitment to provide and correct Fire Protection & Life Safety Evaluation, 1 page;
- M) NEPA Mitigation Measures, 1 pages;
- N) Rider 1 – Fire and Life Safety Findings and Recommendations, 2 pages.

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

Paragraph 4 of this SF2 has been deleted in their entirety.

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

FISHERS LANE LLC,
a Delaware limited liability company

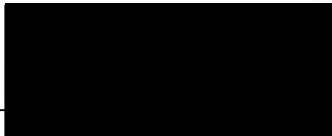
By: Fishers Lane Member LLC
a Delaware limited liability company,
its Managing Member

By: Parklawn Holdco LLC,
a Delaware limited liability company,
its Managing Member

By: JBG/5600 Holdings, L.L.C.,
a Delaware limited liability company,
its Managing Member

By: JBG/Company Manager III, L.L.C.,
a Delaware limited liability company,
Managing Member

By



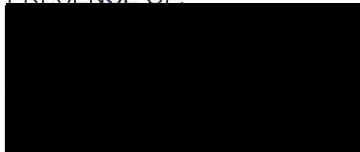
Rod Lawrence (Authorized Signatory)
(Printed Name and Title)

Date:

8/17/2011

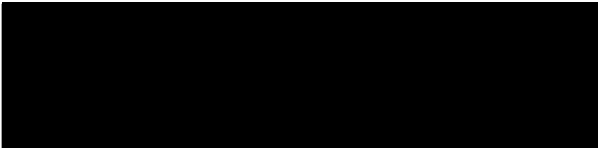
4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815

IN PRESENCE OF:



UNITED STATES OF AMERICA

GENERAL SERVICES ADMINISTRATION



Contracting Officer
(Official title)