

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE **MAY 17 2001** LEASE #GS-11B-01307 "neg"

THIS LEASE, made and entered into this date between **L601, LLC**  
whose address is:

c/o Lowe Enterprises Mid-Atlantic  
1945 Old Gallows Road, Suite 210  
Vienna, VA 22182

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.

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

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

A total of approximately 200,841 BOMA rentable square feet (such yielding 178,304 ANSI/BOMA Office Area square feet (aka: BOMA Office usable square feet)) located on full floors 1 through 7 of the building located at 601 New Jersey Avenue, NW, Washington, DC 20001-2021,

to be used for SUCH PURPOSES AS DETERMINED BY THE GOVERNMENT. (See Attachment 1 - ANSI/BOMA Office Area Summary and floor plans of the leased premises)

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

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

\$7,595,750.00 at the rate of \$632,979.17 per MONTH in arrears, subject to adjustments as may be hereinafter set forth, for the term of the lease. Beginning on the first day of the second year of the Lease and thereafter on the first day of every succeeding year of the Lease Term, with the sole exception of the sixth year, the total annual rent (inclusive of shell rent which includes the base real estate taxes, the amortized tenant improvement allowance, and the base operating expenses) then in effect shall be escalated at 1.5%. In addition, on the first day of the sixth year of the Lease Term, the total annual rent then in effect shall be increased by a fixed amount ("bump") of \$1.13/BOMA Office Usable square foot (or the equivalent of \$1.00/BOMA rentable square foot). The rent bump in year 6 is in lieu of the 1.5% annual rent escalation. (See Attachment 2 - Rent Schedule.)

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: L601, LLC, c/o Lowe Enterprises Mid-Atlantic, 1945 Old Gallows Road, Suite 210, Vienna, Virginia 22182.

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~~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.~~

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~~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.~~

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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, are included as a component of the rental consideration.

B. Pursuant to Paragraph 1.8 "How to Offer", the Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$38.30 per BOMA Office Usable square foot (BOUSF). Such Allowance shall be made available once financing is secured or within 45 days of lease award, whichever is sooner, 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. This Tenant Improvement Allowance is included in the rent, and has been amortized at a rate of 11% 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 Tenant Improvement Allowance to the Lessor in exchange for free rent or a decrease in rent. If a rental adjustment is selected, the rent shall be adjusted downward using the 11% amortization rate on the unused portion of the Tenant Improvement Allowance. In addition, all architectural and engineering fees applicable to the Tenant Improvement cost of up to \$38.30 per BOMA Office Usable square foot (BOUSF) are included in the Lessor's base rental consideration.

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 with a Notice to Proceed. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in Paragraph 3.17 "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 of cost and pricing data.

C. Pursuant to Paragraph 1.10 "Tenant Improvements", 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 [REDACTED] ("the GC OH&P for Change Orders shall not exceed [REDACTED]"); and the Lessor's total construction management fees shall not exceed [REDACTED] (applied on top of the GC OH&P). The total fees in connection with the build-out of the Tenant's space shall not exceed [REDACTED]. Regulatory fees and permit costs shall be added at cost without markup by the Lessor or General Contractor. All of these fees will be paid for out of the Tenant Improvement Allowance included in the rent, unless it exceeds the Tenant Improvements Allowance of \$38.30 per BOUSF, as discussed above.

D. Pursuant to Paragraph 1.14 "Brokerage Fees," the Lessor shall be responsible for paying all brokerage commissions due in accordance with the consummation of this Lease. This commission is determined to be the payment of [REDACTED] of the gross value of the lease paid by the Government 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. The Government retains the right to direct when the Lessor shall pay S&S. The timing of payment shall be 50% upon Lease execution and 50% upon full Lease commencement.

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 77.64%, and the total building square footage is determined to be 258,685 rentable square feet.

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 \$1,347,570.00 or \$7.56 per BOUSF.

G. Pursuant to Paragraph 3.9 "Common Area Factor", the Add-On Factor is determined to be 1.1264 based on the summary in Attachment 1.

H. Pursuant to Paragraph 3.13 "Adjustment for Vacant Premises", the Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be \$1.61 per BOMA rentable square foot. An Adjustment for Vacant Premises shall only be applicable to space the Government fails to occupy or if the Government completely vacates at least one half (1/2) of one floor of contiguous space. This same Adjustment shall apply if the Government vacates all of one floor or all of the leased premises. The reduction shall be effective 30 days after notice is provided to the Lessor. The adjustment will end if the contiguous vacant space is reduced below one half (1/2) of one floor.

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I. Pursuant to Paragraph 3.1 "Unit Costs" the agreed upon unit costs are the following: (Note: Unit costs exclude architectural/engineering fees that may be necessary to complete work.)

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|---|-------------|
| 1 The cost per linear foot of finished, office subdividing ceiling-high partitioning. | ██████/lf   |
| 2 The cost per linear foot of finished, slab-to-slab partitioning.                    | ██████/lf   |
| 3 The cost per floor mounted, 120-volt duplex electrical outlet.                      | TBD         |
| 4 The cost per wall mounted, 120-volt duplex electrical outlet.                       | ██████/each |
| 5 The cost per floor mounted fourplex (double duplex) electrical outlet.              | TBD         |
| 6 The cost per wall mounted fourplex (double duplex) electrical outlet.               | ██████/each |
| 7 The cost per dedicated, 120-volt duplex clean electrical computer receptacle.       | ██████/each |
| 8 The cost per floor mounted telephone outlet.  | TBD         |
| 9 The cost per wall mounted telephone outlet.   | ██████/each |
| 10 The cost per interior solid core door.   | ██████/each |
| 11 The cost per square yard of carpet tile.   | ██████/sy   |
| 12 The cost per square foot of resilient flooring.                                    | ██████/\$fy |

J. The space shall be constructed in accordance with the design and construction schedule prepared in accordance with Paragraph 3.16 "Project Schedule." The start date for the initial task (Blocking and Stacking) 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. The Lessor or the Government may mutually agree to accelerate the duration required to complete any item on the schedule, and the entire schedule shall accelerate.

K. It is agreed that the space shall be altered by the Lessor in accordance with the specifications approved by the Government and delivered on July 1, 2002. Occupancy and lease and rent commencement shall be subject to the Government's inspection and acceptance of the leased premises and Paragraph 3.17 "Delivery Schedule of Tenant Improvements."

L. Pursuant to Paragraph 7.3 "Overtime Usage", the rate for overtime HVAC service to the premises governed by this Lease shall be \$16.00 per hour per zone (2 zones per floor). 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.

M. The Lessor shall furnish to Government's employees the continuous right throughout the Lease term upon 30 days prior written notice to lease on a month-to-month basis up to 1 non-reserved parking space per 1,300 BOMA rentable square feet leased (154 spaces) in the building's parking garage. Spaces shall be available at a rate of \$185.00 per month per space. This rate shall escalate annually at a rate of 2.75%. Payment for such parking spaces shall be made separately from this Lease. If the Government were to lease all of the office space in the building, Lessor may lease the entire parking garage to the Government on mutually agreeable terms and conditions.

N. Lessor, at the Government's election, shall provide a shuttle for 12 hours per day every normal workday between 600 New Jersey Avenue, NW and FTC headquarters and metro stops for an additional cost. The costs shall be additional annual rental of \$0.55 per BOUSF with corresponding increases in the operating costs contained in line 26 of Standard Form 1217. This cost of the shuttle and corresponding increase in the rent shall also be subject to the same annual rental increase of 1.5% as the remainder of the annual rent. If the Government elects to utilize the shuttle, the schedule of service shall be mutually agreed upon. Shuttle service is cancelable at the sole discretion of the Government at a mutually agreed upon date.

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

7. The following are attached and made a part hereof:
- A. Attachment 1 – ANSI/BOMA Office Area Summary and floor plans of the leased premises – 8 Pages
  - B. Attachment 2 – Rent Schedule
  - C. Solicitation for Offers #01-015 Dated 4/30/01 (Revised to include Amendments 1-4) – 37 Pages
  - D. GSA Form 3517 – 26 Pages
  - E. GSA Form 3518 – 4 Pages
  - F. GSA Form 1217 "Lessor's Annual Cost Statement" – 1 Page
  - G. Fire Protection & Life Safety Evaluation – 11 Pages
  - H. Small Business Subcontracting Plan – 7 Pages

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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.

LESSOR: L601, LLC, a Delaware Limited Liability Company, By: New Jersey Investments, Inc., A Delaware Corporation Managing Member, By: Michael S. Balaban, Vice President

BY

*MB*

IN PRESENCE OF

*Nail D. Levy*

ADDRESS

*607-18<sup>th</sup> St, N.W., Washington, DC*

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY

*Noreen Freeman*

MS. NOREEN FREEMAN, CONTRACTING OFFICER

LESSOR

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GOV'T

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