

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: Nov 24 2009

LEASE #GS-11B- 02158

THIS LEASE, made and entered into this date between **CS OFFICE ONE, LLC**
whose address is c/o StonebridgeCarras
4733 Bethesda Avenue, Suite 800
Bethesda, Maryland 20814

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 288,255 BOMA Rentable Square Feet (BRSF) (yielding approximately 252,469 ANSI/BOMA Office Area Square Feet (ABOA)) and comprised of a portion of the 1st floor consisting of 1,469 BRSF (yielding approximately 1,401 ABOA), the entire 2nd floor consisting of 27,837 BRSF (yielding approximately 24,104 ABOA), the entire 3rd floor consisting 29,550 BRSF (yielding approximately 25,886 ABOA), the entire 4th floor consisting of 29,604 BRSF (yielding approximately 25,937 ABOA), the entirety of the 5th through the 10th floors consisting of 29,947 BRSF each (yielding approximately 26,263 ABOA), and a portion of the 11th floor consisting of 20,113 BRSF (yielding approximately 17,563 ABOA), together with four official parking spaces on the P-1 level, all located at 1275 First Street, N.E., Washington, DC 20002 in the building known as One Constitution Square to be used for SUCH GENERAL OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See floor plans of leased premises included in Attachment A). The Federal Government shall be the only tenant on floors 2-11 of the building until such time as the Government terminates the Lease with respect to that floor.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term commencing in accordance with the terms of Solicitation for Offers SFO # 11-9DC2337 (SFO) Attached as Attachment B, including SFO paragraphs 1.9 and 5.12, and General Clauses 12 and 20, and continuing for a term of 7 years from the Lease commencement date, unless sooner terminated in accordance with paragraph 4 of this Standard Form 2. The commencement date shall be established in accordance with the SFO in a Supplemental Lease Agreement.

3. The Government shall pay the Lessor annual rent of \$8,071,140.00 (\$28.00/BRSF; \$31.96/ABOA) at the rate of \$672,595.00 per month in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to: **CS OFFICE ONE, LLC**, c/o StonebridgeCarras, 4733 Bethesda Avenue, Suite 800, Bethesda, MD 20814, or in accordance with the provision on electronic payment of funds. Notwithstanding the foregoing, the Government shall be entitled to abatement of rent in the total amount of \$4,648,673.98 applied as follows: a portion of the monthly shell rent shall be partially abated during the first two full months of the Lease term, in the amount of \$306,551.99 per month, in the twelfth month of the first full year of the Lease term in the amount of \$672,595.00, and, if the Government is still occupying the premises under this Lease in the eighth through the twelfth months of the seventh year of the Lease term in the amount of \$672,595.00 each month (plus a proportionate share of accrued increases in operating expenses) for a total amount of \$4,648,673.98, as more fully set forth in paragraph 6(C) below.

4. The Government may, from time to time, incrementally terminate the Lease with respect to any complete floor or in the case of a partial floor (i.e., the 1st and 11th floor) the entirety of the partial floor, occupied by the Government at any time effective after the fifth year of the Lease upon 270 days prior written notice. The effective date of any exercise of the incremental right to terminate as set forth in this paragraph shall not be more than 180 days from the effective date of the first exercise of an incremental termination right. Following the expiration of the 180 day period, the termination right shall cease to exist. In the event of a termination of all or part of the Lease prior to the end of the seventh year of the Lease, the Government shall pay a termination payment to be negotiated based upon the schedule set forth in Attachment C. The payment or payments shall be made within 60 days of the effective date of each exercise of the termination right. Except with respect to the 1st floor space, the Government will use its best efforts to ensure that all terminated space shall be contiguous with previously terminated space and that the first terminated floor shall be either the 2nd or the 11th floor.



5. (Intentionally Deleted)

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

A. All services, utilities, alterations, repairs, and maintenance, as well as any other right and privilege stipulated by this Lease, the SFO and its Attachments are included as a component of the rent.

B. There is no Tenant Improvement Allowance included in the rent. Unless otherwise agreed, all initial Tenant Improvements shall be funded by lump sum in accordance with SFO Subparagraph 3.3.A.1 as amended. Any credit that results from the exercise of the Warm Lit Shell Credit of SFO Subparagraph 1.2.B shall be used to reduce the amount of the lump sum payment otherwise required above. All Tenant Improvements required for occupancy shall be performed by Lessor, and all improvements shall meet the quality standards and requirements of the SFO and its attachments. All Tenant Improvements (except to the extent that it utilizes the Warm Lit Shell Credit) shall be paid for in lump sum when the interior construction with respect to any phase is substantially complete and accepted by the Government in accordance with Paragraph 5.12 of the SFO. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in SFO Paragraph 5.3 "Tenant Improvements Pricing Requirements." In accordance with SFO Subparagraph 3.5.B.2, Lessor shall provide the names and qualifications for three proposed construction contractors for approval by the Government. Lessor may contract with any of the approved contractors provided that competition at the subcontractor level for each trade shall meet the requirements of the SFO.

C. In accordance with Paragraph 2.5 "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, Inc. have agreed to a cooperating lease commission of [REDACTED] of the lease value for the five year firm term. 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 in equal monthly installments of [REDACTED] during the first and second full 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 due to Studley, Inc. upon execution of this Lease by the Government and payable within 30 days of the receipt of an invoice.

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 first full month of the Lease term and continue as indicated in this schedule for adjusted Monthly Rent:

First Full Month's Rental Payment of \$672,595.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Full Month's Rent;

Second Full Month's Rental Payment \$672,595.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Full Month's Rent;

In addition to the abatement of rent from the Commission Credit:

Twelfth Full Month of the first year of the Lease Rental Payment of \$672,595.00 shall be abated in its entirety;

Provided that the Government remains in occupancy pursuant to this Lease, the Eighth through and including the Twelfth Month of the Seventh Year of the Lease shall be abated in its entirety (inclusive of accrued operating costs adjustments), except for the prorated portion of the applicable real estate tax adjustment. If the Lease has been partially terminated, then the amount of the abatement during the Seventh Year of the Lease, totaling \$3,362,975.00, shall be reduced pro rata.

D. For purposes of Paragraphs 4.2 and 4.3 of the SFO, the Government's percentage of occupancy is 83.38%, based on occupancy of 288,255 BRSF in a building of 345,699 BRSF. Evidence of payment of taxes shall be furnished as provided by Paragraph 4.2.C.9 of the SFO.

E. For purposes of Paragraphs 4.3 of the SFO, as of the date hereof, the operating cost base is \$2,470,345.00 or \$8.57 per BRSF for 288,255 BRSF or \$9.7847 per ABOA for 252,469 ABOA.

F. Pursuant to Paragraph 3.10 "Common Area Factor", the Add-On Factor is determined to be 1.141746, calculated as follows: 288,255 BRSF/252,469 ABOA.

G. In connection with the initial or subsequent buildout of Tenant Improvements, the following limits on markups, fees, and design costs shall apply: Offeror's General Contractor's overhead, and profit shall be 3.5%, Lessor's overhead, profit, and other management fees shall be 4%, General Conditions shall be 5% and architectural/engineering (including architectural, mechanical, electrical, plumbing and structural engineering services) costs shall be \$3.95/ABOA. The combined total of the foregoing markups and fees shall not exceed 12.5% plus \$3.95/ABOA for Tenant Improvement Pricing of up to \$62.08/ABOA. 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. If Tenant Improvement Pricing exceeds \$62.08/ABOA then the parties shall negotiate markups, fees, and design costs applicable to such excess.

H. Pursuant to Paragraph 1.2(B) of the SFO, the Warm Lit Shell Credit, which shall be applicable only to the BOMA office area portion of the Leased premises, shall be \$4,102,621.25 or \$16.25 per ABOA.

I. Pursuant to paragraph 4.7 of the SFO, as part of the rental consideration set forth in Paragraph 3 of this SF2, services, utilities, and maintenance shall be provided daily, extending from 7:00 am to 5:00 pm, Monday through Friday, excluding Saturdays, Sundays and federal holidays ("Normal Hours Schedule"). Overtime beyond the above-referenced Normal Hours Schedule for overtime HVAC shall be provided at rates of (i) \$138,362.40 per year for regular overtime HVAC throughout the entire Leased premises for the additional two hours of 6:00 am-7:00 am and 5:00 pm-6:00 pm, Monday through Friday ("Regular Overtime") ~~and~~ (ii) \$55.00 per hour for the first half floor and \$9.00 per hour for each additional one-half of a floor with a minimum use of three hours for usage beyond the Regular Overtime. The foregoing overtime HVAC rates shall escalate in a manner consistent with section 4.3 "Operating Costs" in the SFO. The foregoing overtime HVAC rates are inclusive of all labor, maintenance, service and engineering fees. Notwithstanding the hours of HVAC service, the Government shall have access to the Leased space and appurtenant areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, toilets, lights, and electric power.

J. The adjustment to the rent for space previously occupied by the Government and then vacated shall be \$2.00/ABOA for each half floor, \$2.25/ABOA for each full floor and \$2.75/ABOA for the entire building. This does not apply to any space that has been terminated pursuant to Paragraph 4 of this SF 2.

K. Four official parking spaces are included in the rent as stated in Paragraph 3 of this SF2. Up to 211 additional spaces are available for lease at rates of \$2,880 per year for a non-reserved space and \$4,200 per year for a reserved space which rates shall be increased by 3% per year commencing on the first anniversary of the lease commencement date. The term "Remainder of the Garage" includes all spaces other than the four official parking spaces pursuant to this SF 2, parking areas, ramps, and entrances. For security purposes, the Government has the option to lease the Remainder of the Garage for the term of the Lease exercisable by written notice to the Lessor at any time prior to March 30, 2010, effective as of the composite lease commencement date. The annual rent for the Remainder of the Garage shall be \$825,000.00 per year (inclusive of operating costs and taxes), and shall be increased by 3% per year commencing on the first anniversary of the lease commencement date. The rent shall be paid monthly in arrears and in the same manner as the rent provided by Paragraph 3 of this SF 2. The rent for the Remainder of the Garage shall not be subject to adjustments, escalations or further payments of any kind, other than as set forth above. If the Government exercises the option to lease the Remainder of the Garage, and the Government does not lease the entire 12th floor, the option to lease the Remainder of the Garage shall be reduced by 22 spaces and the annual rent shall be reduced to \$752,400.00 per year.

L. Paragraph 1.2(G) of the SFO requires that Lessor achieve a LEED-CI Certification. Lessor has furnished a LEED Scorecard, attached as Attachment D. In the event that any specific decision or decisions by the Government with respect to the tenant improvements is inconsistent with the LEED Scorecard on Attachment D, Lessor shall so inform the Government in writing and present reasonable alternatives that are compliant, including obtaining alternative points. The Government may elect to proceed with its decision notwithstanding the notice by Lessor of its inconsistency with the LEED Scorecard. In that event, Lessor shall be relieved of the requirement to obtain LEED-CI Certification provided that Lessor has obtained all of the other required points set forth on the Scorecard, and not obtained a sufficient number of the alternative points. Alternative points are the ones shown on the Scorecard in the column marked with "?", but not counted upon to obtain a LEED-CI Certification. Any specific decision or decisions by the Government with respect to the Tenant Improvements that is inconsistent with the LEED Scorecard shown on Attachment D and that result in schedule delay for the design, construction and delivery of space shown in Attachment K unless offset by earlier completion of the Government's other responsibilities within

the schedule shall constitute "Government Delay" pursuant to Paragraph O of this document.

M. A copy of SFO Attachment -Fire Protection and Life Safety Evaluation (FPLSE) is attached as Attachment E. Upon request of the Government, Lessor agrees to furnish an updated Fire Protection and Life Safety Evaluation. Lessor shall ensure and provide as necessary at Lessor's expense, all Fire and Life Safety improvements of this SFO to ensure that the building meets all local and national codes including NFPA 101. Exit separation shall be in accordance with the terms of the FLPSE. Lessor agrees to make improvements specified as part of the FPLSE and as recommended by GSA fire safety review. All improvements must be made prior to the Government's acceptance of space.

N. A copy of the Pre-Lease Security Report is attached as Attachment F. A copy of the seismic certificate is attached as Attachment G. Prior to occupancy, Lessor agrees to furnish or update a seismic certification showing that the building construction fully complies with section 2.2 "Seismic Safety" of the SFO.

O. Lessor and the Government have agreed to a schedule for the design, construction and delivery of space that is consistent with the terms and the timeframes set forth in the SFO. The agreed upon schedule is attached as Attachment K. The start date for the initial task shall commence upon the full execution of this Lease. The start dates for all subsequent tasks shall adjust accordingly with the durations for each task remaining the same. Should either the Government or the Lessor fail to discharge their responsibilities as defined herein within the time allocated under the agreed upon construction schedule, such failure shall constitute "delay," unless it is Excusable Delay. Delay caused by either party may be offset by the early completion of that party's other responsibilities within the schedule. The absolute value of the number of days of one party's delay minus the number of days of the remaining party's delays shall equal the total number of days of delay for a given stage of the schedule. 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.

If Government Delay occurs, then the rent commencement date shall be the same number of days earlier than the acceptance date as the number of days of Government Delay. Any rental paid by the Government prior to actual occupancy shall be less the cost for variable services and utilities not provided to the premises. In any event, the Government will not be required to accept space and commence rent prior to the original date as indicated in the "Occupancy Date" paragraph of the SFO, unless otherwise agreed to by the Government. Each day of Lessor Delay will be governed by Paragraph 5.7 of the SFO.

Following lease award the parties will meet and negotiate in good faith in an attempt to agree upon a revised schedule that achieves, at no additional expense to either party, a final completion date which might be sooner than is set forth in the schedule attached to the Lease as Attachment K. Absent such an agreement, Attachment K will govern.

P. The Government shall have the option to lease either (i) any portion of to the remaining space on the 11th floor consisting of 9,834 BRSF (or approximately 8,613 ABOA) or (ii) the space described above in (i) and the entirety of the 12th floor consisting of 29,947 (or approximately 26,263 ABOA) for a total of 39,781 BRSF (or approximately 34,876 ABOA) as expansion space. The Government shall have a one time option to lease the expansion space exercisable at any time before August 1, 2010. The rental rate for the space shall be \$37.00/BRSF. In the event that the Government exercises the right to lease the entire expansion space, and does so no later than: 1) December 31, 2009, then Lessor shall abate the rent due for the expansion space for the final six months of the seventh year of the Lease or 2) March 30, 2010, the Lessor shall abate the rent due for the expansion space for the final three months of the seventh year of the Lease. All other terms and conditions of the expansion space shall be in accordance with the terms of the Lease as set forth in this Standard Form 2.

Q. Prior to exercising a right to terminate the Lease under General Clause 11 or 16(a) or any other provision of the Lease, the Government will provide Lessor with written notice of the claimed default and use reasonable efforts to provide the notice to one lender as identified by Lessor as its lender (as long as the Government is provided with the address for notification to the Lender), which notice shall provide Lessor and/or its Lender with at least a thirty (30) day period in which to cure the default. In addition, prior to exercising a right to terminate the Lease under General Clause 11 or 16 (a) (1), or any other provision of the Lease, the Government shall provide Lessor and its Lender with such additional time to cure the default as is necessary provided that Lessor shows to the reasonable satisfaction of the Government that (1) it is diligently prosecuting the work required to cure the default, and (2) the default will be cured within a reasonable period of time, not to exceed a total of one hundred and twenty (120) days, as determined by the Government. Any such additional time to cure the default shall be conditioned upon Lessor's continuing to diligently pursue the cure of the default throughout the period and upon a demonstration by the Lessor to the reasonable satisfaction of the Contracting Officer through the submission of a detailed schedule and construction management plan (including, if necessary, the use of double shifts, overtime, expedited shipping, and

other appropriate acceleration strategies) that the default can be cured within a reasonable period of time which shall not exceed 90 days. Notwithstanding the opportunity to cure a default as provided herein, Lessor shall remain liable for any damages that result from its failure to perform its obligations in accordance with the Lease. Notwithstanding anything else in this Subparagraph Q, if the default is of a health or life threatening nature, this Subparagraph Q shall not apply and the Government may exercise its rights as stated in General Clauses 11 and/or 16(a) or other provisions of the Lease.

R. In General Clause subparagraph 1(f)(11) delete it in its entirety and insert in lieu thereof:

"delays of subcontractors or suppliers at any tier arising from unforeseeable causes beyond the reasonable control and without the fault or negligence of both the Lessor and any such subcontractor or supplier."

S. In giving or withholding its reasonable consent to assignment under General Clause 2, the Lessor may consider the creditworthiness of the proposed assignee and its comparability to Government's as viewed by the financing markets, and the purpose for which the assignee will use the space. The failure of the Lessor to object to an assignment within fourteen (14) calendar days, shall be deemed to be a consent to the assignment. The Government shall notify Lessor within 10 days of any subletting.

T. The following shall be inserted at the end of General Clause 17:

"In addition to the provision set forth above, the Government agrees not to exercise its option to terminate the lease in the event of partial damage or destruction so long as Lessor is diligently prosecuting the repair and restoration and all of the following conditions are met:

1. The partial damage or destruction is less than 25% of the premises;
2. The remainder of the premises are tenantable and may be used for the purpose for which they were leased;
3. Lessor can demonstrate to the Government's satisfaction that the repair or restoration of the premises to the condition the existed immediately prior to the damage or destruction can be substantially completed and the premises reoccupied within 365 days of the damage or destruction, without unreasonable interference to the occupancy of the remainder of the premises, and in any event within six (6) months of the expiration of the firm term of the lease; and
4. Lessor gives the Government a credit for the rent paid by the Government for substitute space in excess of the rent for the same amount of space that would have been due under this Lease, and reimburses the Government for its costs to move and return to the premises."

U. In the event of a conflict between this SF2 and any other documents that comprise the Lease, the SF2 shall govern.

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

- A. Floor Plans of the Leased Premises, and Parking Plans- 11 pages
with floor plans for the Expansion Space-2 pages
- B. Solicitation For Offers No. 11-9DC2337, as amended - 59 pages
- C. Termination Schedule-1 page
- D. LEED CI Scorecard -3 pages
- E. Fire Life Safety Evaluation -7 pages
- F. Pre-Lease Security Report-7 pages
- G. Seismic Certificate- 1page
- H. GSA Form 1217 -2 pages
- I. GSA Form 3517 - 33 pages
- J. GSA Form 3518-7 pages
- K. Schedule for design, construction, and delivery of space -1 page

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

Paragraph 5 has been deleted in the entirety.


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

Lessor: CS OFFICE ONE, LLC

By: CS MASTER V LLC

By: CS INVESTORS V, L.L.C.
its Sole Member

By: S/C Square 711, LLC
its Administrative Member

By: 
Name: DOUGLAS M. FIRSTENBERG
Title: Managing Member

IN PRESENCE

OF Resie Thomas ADDRESS 4733 Bethesda Ave, Suite 800
Bethesda, MD 20814

UNITED STATES OF AMERICA

BY 
CONTRACTING OFFICER