

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE:

FEB 16 2012

LEASE No. GS-11B-12507

THIS LEASE, made and entered into this date by and between 800 K Street Associates, L.L.C., whose address is:

c/o JBG Companies
4445 Willard Avenue
Suite 400
Chevy Chase, MD 20815

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 consideration hereinafter mentioned, covenant and agree as follows:

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

A total of 29,508 BOMA rentable square feet (BRSF) equivalent to 26,368 ANSI/BOMA Office Area square feet (ABOA) of office and related space, consisting of the entire fourth (4th) floor, as noted on the attached floor plan, "Exhibit A" and made part hereof, as well as one (1) structured, reserved parking space in the building's parking garage in an area acceptable to the Government, in the building known as Techworld Plaza I, located at 800 K Street, NW, Washington, DC 20001-3742.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for an eight (8) year firm term commencing in accordance with the terms of Solicitation for Offers No. 9DC2013 (SFO) on August 2, 2011 and ending on August 1, 2019.

3. The Government shall pay the Lessor annual rent of \$1,386,876.00 (\$47.00 per BRSF/ \$52.60 per ABOA SF) payable at a rate of \$115,573.00 per month in arrears. Rent for a lesser period shall be prorated. This rent is inclusive of all building improvements outlined in paragraph 6.B below, as well as a base for operating expenses and real estate taxes and shall be subject to operating expense and real estate tax adjustment during the lease term pursuant to the attached SFO. Rent checks shall be made payable to: 800 K Street Associates, LLC. c/o JBG Companies, 4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815 or in accordance with the provisions of electronic payment of funds.

4. [Intentionally Deleted]

5. [Intentionally Deleted]

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) Lessor, at its sole cost, shall perform the following work in the building and Tenant's demised premises:

- i. All space shall be recarpeted and painted within the first year of the lease term. This shall include the moving and returning of furniture, where required.
- ii. The elevator lobby on the fourth (4th) floor shall be renovated to a level found in first-class office buildings in Washington, DC. This shall include new wall coverings, lighting and carpeting.
- iii. The fourth floor bathrooms shall be renovated. This shall include new wall coverings and replacement of the counter tops.
- iv. Public areas shall be painted at the end of the fourth (4th) lease year.

- C) Notwithstanding anything to the contrary contained in the SFO or elsewhere in the Lease, the Government accepts the Leased Premises (including, but not limited to, common areas serving, or being used by the Government in connection with the Leased Premises) in their "as-is" condition (including, but not limited to, with respect to cosmetic/finish, signage, structural, seismic, setback, performance, equipment, parking, LEED, and operational requirements) as of August 2, 2011, and the Lessor does not have an obligation to

LESSOR  GOV'T 

perform any construction to prepare the Leased Premises for the Government's occupancy except as otherwise expressly provided in this SF2. Any provision of the SFO or elsewhere in the Lease that is inconsistent with the Government's acceptance of the Leased Premises in their "as-is" condition as of August 2, 2011 shall not have any force or effect, regardless of whether or not such provision is specifically deleted or otherwise amended by this SF2. The Government's acceptance of the Leased Premises pursuant to the foregoing terms is not a waiver of (i) ongoing compliance by the Lessor with performance-based specifications, standards, and requirements or (ii) the Lessor's obligation to comply with applicable federal, state, or local laws or regulations. Any improvements or alterations beyond the "as is" condition of the building may be subject to the previous review and approval of the Techworld Owners Association ("TOA").

- D) The parties stipulate that, as of August 2, 2011, the Leased Premises are built out and occupied by the Government. The Government accepts the Leased Premises in their as existing condition and as meeting the "shell" requirements of the Lease. Notwithstanding anything to the contrary contained in Paragraphs 3.2.A of the SFO, Paragraph 6.B of this SF-2, or elsewhere in the Lease, no further work by the Lessor, including, but not limited to, making any improvements or alterations, is required to meet the "shell" requirements of the Lease. If the Government requests the Lessor to perform any such work it will be performed at the Government's sole cost and expense.
- E) Notwithstanding anything to the contrary contained in Paragraph 8.3.A of the SFO or elsewhere in the Lease, the Lessor shall use commercially reasonable efforts to obtain the Energy Star label for the building within the first eighteen (18) months after Lease award.
- F) Notwithstanding anything to the contrary contained in the SFO or elsewhere in the Lease, any security measures or improvements requested or implemented by the Government, whether specified in the SFO or otherwise, that are in addition to the security improvements in place within the Leased Premises or the building, including, but not limited to, any parking or common areas, as of August 2, 2011 shall be at the Government's sole cost and expense. Any such measures or improvements may be subject to the previous review and approval of the Techworld Owners Association ("TOA").
- G) Notwithstanding anything to the contrary contained in Paragraph 10.11 of the SFO or elsewhere in the Lease, the Government may not require any additional security measures that would unreasonably interfere with the other buildings, or their use by the other tenants thereof, in the "Techworld" complex.
- H) The Leased Premises and the building are deemed to meet the requirements of Paragraph 1.11 of the SFO.
- I) In the event the Government vacates any portion of the leased premises, the rent for such space shall be adjusted downward by \$2.75 per ABOA following proper notice from the Government in accordance with SFO Paragraph 4.4.
- J) Pursuant to Paragraph 4.2 of the SFO, the Government's percentage of Occupancy is 7.21% for tax purposes, as calculated: 29,508 BRSF/ 409,121 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 Government's percentage of occupancy share of the Lessor's reasonable and actual out-of-pocket costs of the appeal.
- K) Pursuant to Paragraph 4.1(C) of the SFO, the "Common Area Factor" is calculated to be 1.119084, as calculated: 29,508 BRSF/ 26,368 ABOA.
- L) The base amount for annual operating costs adjustments is \$205,510.32 (\$6.96 per BRSF), which shall be adjusted annually by the CPI in accordance with Paragraph 4.3 of the SFO.
- M) For purposes of Paragraph 4.2.B.7 of the SFO, the real estate tax base for the Leased Premises shall be the real estate taxes for the first twelve (12) months following the lease commencement date.
- N) Paragraph 4.2.C.9 of the SFO is hereby deleted in its entirety and the following is inserted in lieu thereof:

"9. In order to obtain a Tax Adjustment, the Lessor shall furnish the Contracting Officer with copies of all paid tax receipts, or other similar evidence of payment acceptable to the Contracting Officer, and a proper invoice (as described in GSA Form 3517, General Clauses, 552.232-75, Prompt Payment) for the requested Tax Adjustment, including the calculation thereof. Evidence of payment must be submitted to the Government within sixty (60) calendar days of the date on which the final payment for the applicable tax year is due (i.e., the Lessor shall be required to submit evidence of payment for both the first half and second half of the tax year within sixty (60) calendar days of when the payment for the second half of the tax year is due). FAILURE TO SUBMIT THE PROPER INVOICE AND EVIDENCE OF PAYMENT WITHIN SUCH TIME FRAME SHALL CONSTITUTE A WAIVER OF THE LESSOR'S RIGHT TO RECEIVE A TAX ADJUSTMENT

LESSOR *[Signature]* GOVT *[Signature]*

PURSUANT TO THIS CLAUSE FOR THE TAX YEAR AFFECTED."

O) Paragraph 4.14 is hereby inserted into the SFO as follows:

4.14 BUSINESS IMPROVEMENT DISTRICTS (B.I.D.)

A. For purposes of this solicitation:

- (1) "BID" means a Business Improvement District, Special Improvement District, or other specifically designed geographical area within a taxing jurisdiction (including, but not limited to, any taxes related to a baseball or any other stadium) organized and registered pursuant to enabling legislation promulgated by a State or local government, within which properties are assessed, charged, or taxed solely by virtue of their location within the given area and in support of services or projects located solely within the area.
- (2) "Building" means the building(s) within which space is provided to the Government under the Lease, together with the land upon which the Building is located.
- (3) "Lessor's BID Assessment" means charges, assessments, or taxes levied against the Lessor or the Building, expressed as a fixed sum per Building, solely by virtue of the Building being located within a BID.

B. The Government agrees, when applicable, to make a single annual lump sum payment to the Lessor for its share of increases in Lessor's BID Assessment over the base year. For purposes of this Paragraph, the base year amount of Lessor's Bid Assessment will be determined as the amount in the calendar year in which the Lease commences.

C. The Government's share of increases in Lessor's BID Assessment shall be based upon the Government's percentage of occupancy. Square footage related to parking will not be included in determining the Government's percentage of occupancy. At the Contracting Officer's sole discretion, the Government may pay its share of increases in Lessor's BID Assessment based upon the ratio of the assessed value of the space leased by the Government to the total assessed value of the Building. For purposes of this clause, the Government's percentage of occupancy is stated in the SF-2 of this Lease.

D. The Lessor shall furnish the Government with copies of all bills reflecting Lessor's BID Assessment and evidence of payment of such Lessor's BID Assessment by the Lessor. Evidence of payment must be submitted to the Government within sixty (60) calendar days of the date that the final payment for the applicable tax year is due (i.e., the Lessor shall be required to submit evidence of payment for both the first half and the second half of the tax year within sixty (60) calendar days of when the payment for the second half of the tax year is due). Failure by the Lessor to submit evidence of payment as provided in this Paragraph shall act as a waiver of the Lessor's right to receive payment under this Paragraph.

P) Notwithstanding anything in the SFO or the attachments thereto to the contrary, the rate for overtime HVAC services shall be \$34.00 per hour for the entire premises. "Normal Hours" are from 6:00 a.m. to 6:00 p.m. except Saturdays, Sundays and federal holidays.

Q) Paragraph 4.6 of the SFO is hereby amended by adding the following as the last sentence thereof:

"Nothing contained herein may be construed to require the Lessor to provide services or utilities to accommodate the Government's use of the leased space outside of normal business hours for a second employee shift. If the Government institutes a second employee shift at the leased space outside of normal business hours, the Lessor and the Government shall enter into a Supplemental Lease Agreement to increase the base operating costs and annual rental to include the increased operating costs resulting from the Government's use of the leased space outside of normal business hours for a second employee shift."

R) Notwithstanding anything to the contrary contained in the SFO or elsewhere in this Lease, the Government's right to install security equipment, communications equipment, antennae, or other similar equipment to the roof, parapet, or Building envelope is subject to space availability, code compliance, the rights of other tenants, and prevailing rental rates for rooftop space. The Government agrees to cooperate with the Lessor with respect to all aspects of such placements on the rooftop. Installation and use of rooftop equipment is subject to the prior written consent of the Lessor, such consent to be given or withheld in the Lessor's sole and absolute discretion. Installation and use of such equipment shall not interfere with the Building's systems or other tenants' use of the roof or their premises. To the extent that the Government installs or uses rooftop equipment at the Building (including, but not limited to, the roof thereof), the Government shall comply with all applicable laws and codes regarding such work. If the Government's installation of any security equipment, communications equipment, antennae, or other similar equipment on the roof, parapet, or Building envelope causes damage to the roof, parapet, Building envelope, or any other portion of the Building, leased premises, or surrounding areas or to personal property or any person, the Government shall be responsible for any and

LESSOR *[Signature]* GOV'T *[Signature]*

all associated repair costs and damages, including, but not limited to, costs for repairing the roof, parapet, or Building envelope, any interior damage, any damage to personal property, and any injury to a person to the extent authorized under the Federal Tort Claims Act or the Contract Disputes Act or other applicable statutory authority.

The Government shall pay any reasonable and allowable out-of-pocket or third party costs incurred by the Lessor in connection with the Government's installation of such equipment or use of the roof. The Government, at its sole cost and expense, shall remove any equipment from the roof, parapet, or Building envelope promptly upon expiration or earlier termination of this Lease. Immediately after such removal, the Government, at its sole cost and expense, shall repair any areas affected by such removal and restore the same to substantially the same condition as existed immediately before such removal, reasonable wear and tear excepted.

- S) To the extent that the Government performs any work at the Building (including, but not limited to, the roof thereof), the Government shall comply with all applicable laws and codes regarding such work.
- T) The Government shall reasonably cooperate with the Lessor and Lessor's Lender to make such modifications to this Lease (if any) as may be required to facilitate financing of the Building so long as such requested modifications (i) do not alter the Lessor's obligations under this Lease, (ii) do not materially increase the costs to the Government in connection with this Lease, and (iii) are otherwise consistent with the purpose and intent of this Lease.
- U) Notwithstanding anything to the contrary contained in Paragraph 8.2 of the SFO or elsewhere in the Lease, the Government may only request the report referenced in Paragraph 8.2 of the SFO one (1) time.
- V) Notwithstanding anything to the contrary contained in Paragraph 9.9 of the SFO or elsewhere in the Lease, the Lessor shall in no event be responsible for any damage or injury (whether to person or property or otherwise) of any kind related to the Government's use, carrying, or storage of hazardous materials in or about the Leased Premises. The Government shall not use, store, or carry hazardous materials in or about the Leased Premises. Any such use, storage, or carrying shall be at the Government's sole risk and expense and the Lessor may pursue any right at law or equity against the Government with respect thereto.
- W) Paragraphs 10.12.C.2 and 10.12.C.3 of the SFO are hereby deleted in their entirety.
- X) Paragraph 10.25.C of the SFO is hereby deleted in its entirety.
- Y) Notwithstanding anything to the contrary contained in Section 2 (Subletting and Assignment) of the General Clauses or elsewhere in the Lease, the Government may sublet any part of the Leased Premises or assign the Lease in its entirety, but shall not be released from any obligations under the Lease by reason of any such subletting or assignment. Any such subletting or assignment shall be subject to the Lessor's prior written consent, such consent not to be unreasonably withheld, conditioned, or delayed, and the use of the Leased Premises by the subtenant or assignee shall be substantially the same as the use intended by the original Lessee.
- Z) Notwithstanding anything to the contrary contained in Section 6 (Substitution of Tenant Agency) of the General Clauses or elsewhere in the Lease, the Government's right to substitute a different tenant agency is limited to agencies that (i) will not deviate from the general office and related space purposes for which the Government initially intends to use the Leased Premises, (ii) is not a military or police enforcement agency where weapons may be brought in the Building, (iii) do not require increased access to the Government by the general public, (iv) will not increase the security requirements to be provided by the Lessor for the Leased Premises or the Building, and (v) have similar credit quality as, or better credit quality than, the Government (i.e., with the full faith and credit of the United States of America). Any such tenant agency shall be subject to the prior written consent of the Lessor, which consent the Lessor may not unreasonably withhold, condition, or delay. The Lessor shall be deemed to have reasonably withheld its consent if the Lessor, in its reasonable discretion, determines that any proposed substitute tenant agency does not meet any of (i) through (v) above. The Government shall pay to the Lessor any increase in costs associated with the substitution of a Government agency or agencies.
- AA) 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 1-8 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

LESSOR *[Signature]* GOV'T *[Signature]*

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 capture this Commission Credit. The reduction in shell rent shall commence with the first (1st) month of the rental payments, and shall continue as indicated in this schedule for adjusted Monthly Rent:

First (1st) Month's Rental Payment \$115,574.67 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First (1st) Month's Rent;

Second (2nd) Month's Rental Payment \$115,574.67 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second (2nd) Month's Rent;

The full Monthly rent payment of \$115,574.67 shall commence with the payment due for the third (3rd) month of the Lease term.

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

- A) Exhibit A - Floor plan of leased area, 1 page;
- B) Solicitation for Offers #9DC2013, 56 pages;
- C) Amendment Number One to Solicitation for Offers #9DC2013, 1 page;
- D) Pre-Lease Security Plan, 17 pages;
- E) Fire Protection & Life Safety Evaluation, 16 pages;
- F) GSA Form 1217, Lessor's Cost Statement, 2 pages;
- G) GSA Form 3517B, General Clauses, 33 pages;
- H) GSA Form 3518, Representations And Certifications, 7 pages;
- I) Certificate of Seismic Compliance, 5 pages;
- J) Rider Number One, Fire Protection & Life Safety, 1 page;

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

Paragraphs 4 and 5 of this SF2 have been deleted in their entirety.

[signatures on following page]

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

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800 K Street Associates, L.L.C.

By: 800K/801 Eye JV, LLC

By: JBG/Company Manager, III, LLC

By

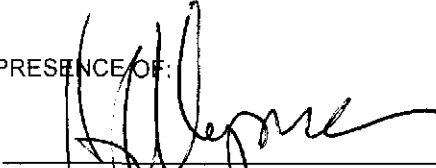

(Signature)

Brian P. Coulter, Managing Member
(Printed Name and Title)

Date:

February 9, 2012

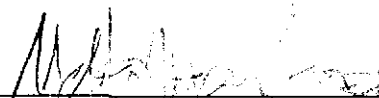
IN PRESENCE OF:


(Signature)

UNITED STATES OF AMERICA

GENERAL SERVICES ADMINISTRATION

BY


Michelle D. Parrish

Contracting Officer

(Official title)

LESSOR



GOVT

