

**U.S. GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE: **SEP 27 2012**

LEASE No. **GS-11B-02316**

THIS LEASE, made and entered into this date between **SMC United Industrial LP**

whose address is:

**SMC-United Industrial, L.P.
c/o Stanley Martin Commercial
7501 Wisconsin Avenue, Suite 630E
Bethesda, MD 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 17,500 BOMA Rentable Square Feet (BRSF) equivalent to 17,500 ANSI BOMA Office Area Square Feet (ABOA SF) of warehouse, office and related space, consisting of the entire first (1st) floor of suite 3155 in the building known as United Industrial Warehouse, which is located at 3125-3165 V Street NE, Washington, DC 20018. The floor plans are attached as Exhibit A and made part hereof.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for a TEN (10) YEAR firm term commencing in accordance with Paragraph 1.3 of Solicitation for Offers (SFO) No. 8DC2347, subject to termination and renewal rights as may be hereinafter set forth. Upon completion of improvements by the Lessor and acceptance thereof by the Government, the parties will execute a supplemental lease agreement (SLA) to memorialize the commencement and expiration dates of the lease term.

3. The Government shall pay the Lessor annual rent of \$188,125.00 (\$10.75 per ABOA SF x 17,500 ABOA SF) at the rate of \$15,677.08 per month in arrears. Rent for a lesser period shall be prorated. The annual rent includes an operating cost base of \$13,125.00 (\$0.75 per ABOA SF), base real estate taxes, and amortized Tenant Improvements of \$8,750.00 (\$0.50 per ABOA SF) to amortize a Tenant Improvement Allowance of \$87,500.00 (\$5.00 per ABOA SF) at zero percent (0.0%) annual interest. Rent checks shall be made payable to SMC United Industrial LP, 7501 Wisconsin Avenue, Suite 630E, Bethesda, MD 20814 or in accordance with the provision on 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 maintenance as defined by this lease.

B. The annual rent set forth in Paragraph 3 of this Standard Form 2 includes a \$5.00 per ABOA SF Tenant Improvement Allowance amortized at zero percent (0%) annual interest over the initial firm term, which amortization amount equals \$0.50 per ABOA SF per year. The total amount of the Tenant Improvement Allowance is \$87,500.00 (\$5.00 per ABOA). 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. A mutually agreed upon Supplemental Lease Agreement will be executed upon the Government's acceptance of the Leased Premises that finalizes the rent using the final Tenant Improvement Allowance utilized.

C. Pursuant to SFO Paragraph 4.2, the Government's percentage of occupancy is 19.95% for tax purposes, as calculated: 17,500 BRSF / 87,733 BRSF. The Real Estate Tax Base shall be determined in accordance with Paragraph 4.2(B)(7) of the SFO. If any tax credit is due to the Government as a result of a 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.

- D. Pursuant to Paragraph 4.1(C) of the SFO, the "Common Area Factor" is calculated to be 1.00000, as calculated: 17,500 BRSF / 17,500 ABOA SF.
- E. The operating cost base included as part of the rental consideration includes the following services: contract services, system maintenance and repair, replacement of electrical bulbs, a building engineer, landscaping maintenance, and alarm monitoring. Beginning with the second year of the lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in the annual operating costs listed above per Section 4.3 of SFO No. 8DC2347. The operating cost base has been established at \$13,125.00 (\$0.75 ABOA).
- F. For purposes of clarification, electricity, water, sewer charges, heating, and gas servicing the Government demised area shall be paid for by the Government directly to the appropriate vendor.
- G. Pursuant to paragraph D. of the section titled "Energy Efficiency and Conservation" in Attachment 1 – ENERGY STAR® of this SF-2, the Lessor shall complete the following cost-effective, energy-efficient improvements prior to Government occupancy:
- a. Replace all light fixtures in the warehouse area with High Efficiency T-5 light fixtures;
 - b. Replace all gas space heaters with High Efficiency Reznor UDAP heaters;
 - c. Install new high efficiency roof fans by Cook;
 - d. Replace all [REDACTED];
 - e. Replace bathroom plumbing fixture valves (flush valve and faucets) with low flow faucets and urinals;
 - f. Install motion sensors for office and bathroom lighting fixtures.
- H. All Common Area Maintenance outlined in Paragraph 4.8 of the SFO shall be performed during Normal Hours as referenced in Paragraph 4.5 (weekdays 7:00 am to 6:00 pm, except Saturdays, Sundays, and Federal holidays), at no additional cost to the Government.
- I. The Tenant Improvement Allowance will include the following fees: (1) General Conditions fees will be five percent (5%) of the Construction Costs; (2) General Contractor's fees will be seven percent (7%) of the Construction Costs; (3) The Lessor's Project Management fees will be seven percent (7%).
- J. Per 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, the Lessor shall correct the following deficiencies and comply with all recommendations and findings noted below within ninety (90) days of lease execution:

Finding 1.	Expired service tag found on all fire extinguishers
Recommendation:	Provide service by qualified contractor on all fire extinguishers
Code Reference:	IFC 2006, 906.
Finding 2.	Front entrance exit sign did not light up
Recommendation:	Replace the light bulbs
Code Reference:	IFC 2006, 1011.
Finding 3.	Front entrance stair has no landing, and is missing one hand rail
Recommendation:	Provide code compliant landing and handrails
Code Reference:	NFPA 101, 2009, 7.2.1.3
Finding 4.	Guard rail is missing at the rear exit
Recommendation:	Provide code compliant guard rail
Code Reference:	NFPA 72 2009, 7.2.2.4.5.2

- K. Pursuant to SFO Paragraph 2.6 "Broker Commission and Commission Credit", Jones Lang LaSalle is the authorized real estate broker representing GSA in connection with this lease transaction. The Lessor and Jones Lang LaSalle have agreed to a cooperating lease commission of [REDACTED] the aggregate lease value, for the ten (10) year firm term. The total amount of the commission is [REDACTED] ("Total Commission Amount"). Jones Lang LaSalle has agreed to forego [REDACTED] of the Total Commission Amount that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be applied to the shell rental payments as follows: [REDACTED] shall be applied against the shell rental payment in the first month of the lease term and [REDACTED] shall be applied against the shell rental payment in the second month of the lease term. The Total Commission Amount minus the Commission Credit is [REDACTED] due to Jones Lang LaSalle ("Remaining Broker's Commission").

Rent Schedule for the first two months is as follows:

First (1st) Month's Rental Payment of \$15,677.08 minus prorated Commission Credit of [REDACTED] equals [REDACTED]

Second (2nd) Month's Rental Payment of \$15,677.08 minus prorated Commission Credit of [REDACTED] equals [REDACTED]

L. In the event of a conflict between this SF-2 and other documents that are part of the Lease, the SF-2 shall govern.

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

- A. Floor Plans of Leased Premises, 1 page
- B. Solicitation For Offers No. 8DC2347, 50 pages
- C. Pre-Lease Security Plan, 6 pages
- D. GSA Form 1217 – Lessor's Annual Cost Statement, 1 page
- E. GSA Form 3517B – General Clauses, 33 pages
- F. GSA Form 3518 – Representations and Certifications, 7 pages
- G. Seismic Certification, 8 pages
- H. Attachment 1 – Energy Star Requirements, 3 pages

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

By: SMC United Industrial LP

By: [REDACTED]

FRED FARSAHEY, General Partner
(Printed Name and Title)

Date: 3/31/2012

IN PRESENCE OF: [Signature]
Kori Anderson

7501 Wisconsin Ave., Suite 630E
Bethesda, Maryland 20814

UNITED STATES OF AMERICA

BY: [REDACTED]
LARRY SUTTON

9/27/2012
GSA CONTRACTING OFFICER