

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

OCT 15 2003

LEASE NO.

GS-11B- 01673

THIS LEASE, made and entered into this date between: Berkley Associates

Whose address is: c/o Westfield Realty
1000 Wilson Boulevard, Suite 700
Arlington, Virginia 22209

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:

The entire building, hereinafter referred to as the "Leased Premises," consisting of 280,259 BORSF / 248,550 BOUSF of office area along with the entire parking garage consisting of 361 interior striped parking spaces (including any storage space attached thereto) in the building known as the Berkley Building, located at 1701 North Fort Myer Drive, Arlington, Virginia 22209.

To be used for SUCH PURPOSES AS DETERMINED BY THE GOVERNMENT.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the TEN (10) YEAR FIRM term, hereinafter referred to as the "Lease Term," beginning on July 1, 2004 through June 30, 2014, subject to renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$9,805,597.33 at the rate of \$817,133.11 per MONTH in ARREARS. 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 payable to:

Berkley Associates
c/o Westfield Realty
1000 Wilson Boulevard, Suite 700
Arlington, Virginia 22209

~~4. The Government may terminate this lease at any time on or after the 5th anniversary of lease commencement by giving at least 90 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.~~

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.~~

[Signature]

[Signature]

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

AS SET FORTH BELOW OR ELSEWHERE IN THE LEASE, ALL SERVICES, IMPROVEMENTS, ALTERATIONS AND REPAIRS AS DEFINED BY THIS LEASE.

- a) Except as noted below, the Lessor shall furnish to the Government all services, improvements, alterations and repairs as defined by this lease.
- b) In order to perform the construction of the Government's Tenant Improvements or construction that may be associated with the Building Shell Requirements, the Government shall be responsible for all costs, expenses and liabilities involved in moving Government owned property, equipment and employee personal property.
- c) Unless otherwise stated in this Standard Form 2, The Government accepts the existing Leased Premises, including the Building Shell and all references thereto, in it's "As - Is" condition and configuration. The intent of this qualification is to recognize that the Government finds such items or conditions to be minimally acceptable with regard to the Government's continued occupancy of the space. Nonetheless, such items or conditions are to be in "good repair and tenantable condition" at the time of the Lease commencement or by any other specified date(s). Further, the Lessor is to maintain (or replace if necessary) such items or conditions so that they remain in "good repair and tenantable condition" throughout the Lease Term. If replacement becomes necessary, such replacement must be no less than the quality and function outlined in the SFO.
- d) The annual is calculated as follows:
- | | | |
|---------------|---|--------------------------------|
| Base Rent: | \$32.87 per BRSF X 280,259 BRSF | = \$9,212,113.33 |
| Parking Rate: | \$137 per pkg. space per month X 361 spaces X 12 months | = \$593,484.00 |
| | Total Annual Rent (Year 1) | = <u>\$9,805,597.33</u> |
- e) The annual rent set forth in Paragraph 3 includes an Initial Tenant Improvement Allowance for the office space of \$15.00 per BOUSF of office space, such being \$3,728,250, in addition the Government shall be entitled to \$1,035,960 of rental abatement, which the Government shall be able to utilize any time during the Lease Term. In addition, the Lessor shall also provide the Government with a Lessor Construction Services Allowance of \$475,635 (approximately \$1.91 per BOUSF leased). The Initial Tenant Improvement Allowance shall be available in full immediately upon full execution of this Lease by the Government, 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 the Tenant Improvement Allowance and the Lessor Construction Services Allowance in any manner associated with any Government expense connected with the Leased Premises, 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. The Initial Tenant Improvement Allowance of \$15.00 per BOUSF that has been included in the rent has been amortized at an annual interest rate of 0.00% over the ten-year firm Lease Term. Consistent with SFO Paragraph 1.13 "Tenant Improvement Rental Adjustment", the Government may "de-amortize" any unused portion of the \$15.00 per BOUSF Initial Tenant Improvement Allowance.
- f) Construction Schedule of Tenant Improvements: The schedule for completion of the Tenant Improvements up to the \$15.00 BOUSF shall be in accordance with a mutually agreed upon construction schedule between the Lessor and the Government.
- g) Brokerage Fees: The Government represents and warrants that the Lessor shall not be responsible for payment of a leasing commission to the Government or a real estate company representing the Government in this transaction.
- h) Real Estate Taxes: The Government's share of tax increases / decreases and percentage of occupancy for the purpose of computing tax adjustments per the SFO, in Paragraph 3.4 entitled "TAX ADJUSTMENTS" shall be 100%. If the Lessor initiates a successful real estate tax appeal, then any reduction due to the Government will be net of the Lessor's reasonable and actual out of pocket costs for the appeal, not to exceed one ~~fourth~~ ^{fourth} of the Government's first years tax savings.
- i) Business Improvement District (BID) Taxes: The Government agrees, when applicable to make a single lump sum payment to the Lessor for its share of increases in the Lessor's BID Assessment over the base year amount. The base year amount of the Lessor's BID Assessment will be determined as the amount in the calendar year in which the lease commences.
- j) Operating Expense Base: The Government's base rate for operating costs for the purposes of calculating operating cost escalations as described in the SFO Paragraph 3.6 titled "Operating Cost" shall be \$1,319,723.00 (approximately \$5.31/BOUSF)] as indicated on the GSA Form 1217 attached hereto.
- k) HVAC Overtime Rate: The HVAC Overtime rate shall be \$7.75 per hour per floor for electricity charges required to operate said HVAC on an overtime basis, however, such cost does not include the cost of labor that may be required, if any. If labor is required to operate the HVAC on an overtime basis, Lessor shall provide verification of such cost for the Government's review. In the event the cost of electricity increases considerably, then the parties agree to renegotiate in good faith the stated HVAC Overtime rate.

LESSOR [Signature] GOV'T [Signature]

EXCEPTION TO SF2 APPROVED GSA/IRMS 12D89

- l) Adjustment for Vacant Premises (SFO Paragraph 3.14): The Adjustment for Vacant Premises determined by this lease shall be that portion of the costs per BOUSF office area square foot of operating expense not required to maintain the space. Said reduction shall be effective 30 calendar days after notice is provided to the Lessor. In the event of an act of terrorism that renders the Leased Premises uninhabitable, then said reduction shall be effectively immediately. The Government shall not be entitled to an adjustment for vacant premises for any construction related to the Leased Premises.
- m) Parking: The Lessor shall furnish to the Government throughout the Lease Term the entire parking garage (361 striped parking spaces). The Government shall be responsible for staffing and all costs involved in managing and securing the parking garage. As part of the rental consideration, the Lessor in accordance with the attached "Exhibit A" Garage Cleaning Specifications shall be responsible for cleaning and maintaining the building's Garage.
- n) Roof Rights: As part of the rental consideration, and throughout the Lease Term, the Government shall have the exclusive right to lease the roof for the purpose of installing rooftop communications equipment. The Government's rights to install communications equipment on the roof shall in no way prohibit the Lessor from accessing, maintaining or installing Lessor owned building equipment on the roof. All costs associated with the installation of Government equipment on the roof shall be the sole cost and expense of the Government. All installation of Government rooftop communications equipment shall be subject to the Lessor's insurance and liability requirements. All Government owned rooftop equipment shall be installed by a certified contractor, after the Government has verified the equipments load requirements with the Lessor. The Government shall be responsible for the proper installation, protection and maintenance of the Government's communications equipment, and the Government shall responsible for any damage or adverse wear to the roof system, and the Lessors building equipment located on the roof. The Government will be responsible for the removal of all equipment and restoration of the roof after termination of the lease, not to exceed ten days after termination, normal wear and tear expected. All work will be coordinated and supervised by the Building engineer. At no additional cost to the Government, and for the exclusive use of the Government, the Lessor shall provide access to the Terrace on the roof of the Lobby Level. Subject to the reasonable approval of the Lessor, the Government shall have the right to place it's personal property on the Terrace.
- o) Common Area Add-On Factor: The common area add on factor is determined as follows:

Level / Floor	Add-On Factor
Level C	0
Level B	0
Level A	0
Lobby	1.0944
First Floor	1.0691
2 nd through 11 th Floors	1.1332
12 th Floor	1.1338
13 th Floor	1.1455
Entire Building (blended rate)	1.1276

- p) Continuous Use of the Leased Premises: In the event the Government's use of the Leased Premises requires use of the Building's HVAC and other systems on an extended basis outside of the Normal Building Hours, then the Lessor and the Government shall mutually agree upon the Government's obligations to incur expenses related thereto.
- q) Not included in the rental rate, the Lessor agrees to lend to the Government a line of credit up to an additional \$24.59 per BOUSF such being \$6,111,844.50. In the event the Government borrows all or a portion of such funds, the borrowed sum shall be amortized monthly at the annual interest rate of 12.00% over the remaining Lease Term, and shall be added onto the existing annual rent. Prior to the Government's accessing the line of credit, a mutually agreed upon Supplemental Lease Agreement shall be executed by both parties to establish the amount of the loan.
- r) Building Renovations - Exhibit "B": As part of the rental rate, and at no additional cost to the Government, the Lessor has performed or is in the process of performing the renovations detailed in the attached Exhibit "B" Building Renovations. A mutually agreed to construction schedule for completion of the Building Renovations shall be developed between the Lessor and the Government. Subject to the Government's cooperation, the Building Renovations shall be completed within the first (1st) year of the lease.

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- s) Within 45 calendar days of the execution of this Lease, the Lessor shall perform the corrections detailed in the attached letter titled Building Assessment Report – Correction of Items dated September 29, 2003.
- t) HVAC Renovation Plan Floors 2 through 13 - Exhibit "C": In the event the Government elects to Substantially Renovate (as defined below) floors 2 through 13, then the Lessor as part of the rental rate, shall upgrade the Building's HVAC (heating, ventilating and air-conditioning) system by installing a VAV (variable air volume) system, hereinafter referred to as the "HVAC Renovation". The HVAC Renovation of the office floors other than floors 2 through 13 have been completed as of the execution of this Lease. As shown on Exhibit "C" HVAC Renovations, the Government recognizes the base building's HVAC system on floors 2 through 13 is divided into two (2) Zones (East and West Zones) and the Lessor can only perform the HVAC Renovation when the Government commences it's Substantial Renovations on (i) a full floor basis, or (ii) on the entire East Zone or the entire West Zone. Substantially Renovate is herein defined as any full floor or half floor renovation (half floor containing an entire East or West Zone) on floors 2 through 13 in which the Government elects to reconstruct it's interior partitions which necessitates the Government to remove all of the occupants in such renovated area(s) including the removal of the Government's personal property and it's cabling. Subject to the above, the Lessor's obligation to perform the HVAC Renovation shall commence upon full execution of this lease by the Government.
- u) Separately Metered Government Equipment & Maintenance of Government Owned Equipment: At the time of the execution of this lease, all Government electrical equipment, but not limited to including those items that are currently separately metered shall continue to be separately metered throughout the Lease Term. The Government agrees to pay for the installation of the separate meter and to separately meter the electrical usage of all non standard office equipment such as but not limited to supplemental HVAC units and computer rooms. The Government shall be responsible for the cost of maintaining all above standard and Government owned equipment.
- v) Painting (SFO Paragraph 5.10): Public areas shall be considered the building's lobbies which shall be painted as needed.
- w) Attachment #4, Fire Protection and Life Safety Evaluation: Within 30 business days of execution of this lease, the Lessor shall correct the following fire protection deficiencies: (i) Fill in openings where the sprinkler pipes have caused penetrations between Stairs A & C and (ii) replace and patch the access panel between the 10th and 11th floors in Stair C. The Lessor shall be responsible for the Building Shell meeting all codes and ordinances referenced in SFO Paragraphs 8.2 through 8.4.
- x) Daytime Cleaning: As part of the rental rate, the Lessor shall provide the Government with daytime cleaning of the Leased Premises.
- y) In the case of a conflict between this GSA Standard Form 2 (SF-2) and the balance of the lease, the terms specified in this SF-2 shall govern.

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

- a) SOLICITATION FOR OFFERS, (SFO Number 03-040) 45 PAGES
- b) ATTACHMENT #4, FIRE PROTECTION AND LIFE SAFETY EVALUATION, 15 PAGES
- c) GSA FORM 1217, LESSOR'S ANNUAL COST STATEMENT, 1 PAGE(S)
- d) GSA FORM 3517B, GENERAL CLAUSES, 26 PAGES
- e) GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS, 4 PAGES
- f) EXHIBIT "A", GARAGE CLEANING SPECIFICATIONS, 1 PAGE
- g) EXHIBIT "B", BUILDING RENOVATIONS, 1 PAGE
- h) EXHIBIT "C", HVAC RENOVATION PLAN, 4 PAGES
- i) EXHIBIT "D", FLOOR PLAN(S) OF LEASED AREA, 8 PAGES
- j) BUILDING ASSESSMENT REPORT – CORRECTION OF ITEMS (letter dated September 29, 2003), 1 PAGE

8. The following changes were made in this lease prior to its execution: Paragraphs 4 and 5 were deleted in their entirety.

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

LESSOR:
 BY _____
 TITLE _____
 IN PRESENCE _____

Authorized Agent

 (Title)

1000 Wilson Boulevard, Suite 700, Arlington, VA 22209

 (Address)

UNITED STATES OF AMERICA - GENERAL SERVICES ADMINISTRATION

BY _____ Contracting Officer

 (Official Title)