

LEASE NO. GS-11P-L12597

Standard Lease
GSA FORM L201C (October 2012)

This Lease is made and entered into between

CESC Skyline LLC

(Lessor), whose principal place of business is c/o Vornado/Charles E. Smith L.P., 2345 Crystal Drive, Suite 1100, Arlington, Virginia 22202, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

5275 Leesburg Pike, Falls Church, Virginia 22041-3803

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

15 Years Firm,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

[Redacted Signature]

[Redacted Signature]

Entity Name: CESC Skyline LLC
Date: 8/20/13

Name: Larry M. Sutton
Title: Lease Contracting Officer
General Services Administration, Public Buildings Service
Date: SEP 3 - 2013

WITNES

[Redacted Signature]

Name: Cherie F. [Redacted]
Title: Admin. Assistant Executive Office
Date: 8/20/13

The information collection requirements contained in this Solicitation/Contract, that are not required by the regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

A. Office and Related Space: **182,721** rentable square feet (RSF), yielding **152,294** ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on a portion of the **G-2** level (consisting of **1,299** RSF/ **1,000** ABOA) a portion of the **first (1st)** floor (consisting of **36,304** RSF / **27,504** ABOA), the entire **second (2nd)** and entire **third (3rd)** floor(s) (each consisting of **72,559** RSF / **61,895** ABOA), of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

B. Common Area Factor: The Common Area Factor (CAF) is established as **19.98** percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (JUN 2012)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

A. Parking: **15** parking spaces as depicted on the plan attached hereto as Exhibit B, reserved for the exclusive use of the Government, which shall be structured/inside parking spaces. These spaces are for Official Government Vehicles and are to be provided by the Lessor at no cost to the Government and are included in the annual rent. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

B. Antennas, Satellite Dishes, and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all Building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (SEP 2012)

A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM
	ANNUAL RENT
SHELL RENT ¹	\$3,870,664.19
TENANT IMPROVEMENTS RENT ²	\$474,548.13
OPERATING COSTS ³	\$1,123,734.15
BUILDING SPECIFIC SECURITY ⁴	\$12,683.53
PARKING ⁵	\$ XXX,XXX.XX
TOTAL ANNUAL RENT	\$5,481,630.00

¹Shell rent (Firm Term) calculation: \$21.18 per RSF multiplied by 182,721 RSF

²The Tenant Improvement Allowance of \$7,118,222.00 is amortized at a rate of 0 percent per annum over 15 years.

³Operating Costs rent calculation: \$6.15 per RSF multiplied by 182,721 RSF

⁴Building Specific Security costs of \$190,253.00 for Lessor's obligations pursuant to Exhibit D, amortized at a rate of 0 percent per annum over 15 years

⁵Parking costs described under sub-paragraph H below

In instances where the Lessor amortizes the TI for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs beyond the Firm Term.

B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed **152,294** ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

C. Rent is subject to adjustment based upon the final Tenant Improvement (TI) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

D. ~~Rent is subject to adjustment based on the final Building Specific Amortized Capital (BSAC) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.~~ **INTENTIONALLY DELETED**

E. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

F. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR). If the payee is different from the Lessor, both payee and Lessor must be registered in CCR.

G. Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises."

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

H. Parking shall be provided at a rate of \$228.50 per parking space per month (reserved), and \$114.25 per parking space per month (unreserved). Parking rates are subject to annual market adjustments, however, for the first five (5) years of the lease term only, escalations may not exceed four percent (4%) over the parking rate in effect for the previous year. Beginning at the start of the sixth (6th) year of the lease term, and continuing every year thereafter, parking shall adjust to market.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. CBRE, Inc. (Broker) is the authorized real estate Broker representing GSA in connection with this Lease transaction. 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. Only [redacted] of the Commission will be payable to CBRE, Inc. with the remaining [redacted], which is the Commission Credit, to be credited to 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 thirty-seventh month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the thirty-seventh month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 37 Rental Payment \$456,802.50 minus prorated Commission Credit of [redacted] equals [redacted] adjusted 37th Month's Rent.*

Month 38 Rental Payment \$456,802.50 minus prorated Commission Credit of [redacted] equals [redacted] adjusted 38th Month's Rent.*

* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration."

1.05 TERMINATION RIGHTS (AUG-2011) INTENTIONALLY DELETED

~~The Government may terminate this Lease, in whole or in part, at any time, effective after the firm term of this Lease by providing not less than XX days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.~~

1.06 RENEWAL RIGHTS (AUG-2011) INTENTIONALLY DELETED

~~This Lease may be renewed at the option of the Government for a term of [redacted] at the following rental rate(s)~~

	OPTION TERM, YEARS [redacted]	
	ANNUAL RENT	ANNUAL RATE / RSF
SHELL RENTAL RATE	[redacted]	[redacted]
OPERATING COST	OPERATING COST BASIS SHALL CONTINUE FROM YEAR XX OF EXISTING LEASE TERM. OPTION TERM IS SUBJECT TO CONTINUING ANNUAL ADJUSTMENTS.	

~~provided notice is given to the Lessor at least XX days before the end of the original lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in force and effect during any renewal term.~~

1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2012)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN(S)	4	A
PARKING PLAN(S)	1	B
AGENCY SPECIFIC REQUIREMENTS	2	C
SECURITY REQUIREMENTS	3	D
SECURITY UNIT PRICE LIST	2	E
GSA FORM 3517B GENERAL CLAUSES	46	F
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	10	G
SEISMIC FORM C, BUILDING RETROFIT OR NEW CONSTRUCTION PREAMWARD COMMITMENT	1	H
SMALL BUSINESS SUBCONTRACTING PLAN	10	I
AMENDMENTS TO RLP NO. 0VA2100	3	J
RIDER NUMBER ONE	3	K
GSA FORM 1217	1	L
RIDER NUMBER TWO	2	M
CONSTRUCTION SCHEDULE	2	N

1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$46.74 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 0 percent. If Additional Tenant Improvement Funds above the \$46.74 per ABOA SF are needed, that amount shall be financed into the monthly rent, and amortized in the rent over the Firm Term at an annual interest rate of seven percent (7%). If the Government utilizes Additional Tenant Improvement Funds, then the Additional Tenant Improvement Funds shall be repaid by the Government as additional rent over the 180 month lease term. The Government's monthly repayment of the Additional Tenant Improvement Funds shall commence on the lease term commencement date, and repayment shall continue to be made during the free rent period specified in Section 7.03.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2011)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

- C. If it is anticipated that the Government will spend more than the allowance identified above, the Government shall have the right to either:
1. Reduce the TI requirements;
 2. Pay lump sum for the overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph;
 3. Negotiate an increase in the rent. Any additional TIs shall be amortized over fifteen (15) years at an interest rate of seven percent (7%). In no event will the increase in rent necessary to accommodate additional TIs exceed nine dollars (\$9.00) per rentable square foot.

1.10 TENANT IMPROVEMENT FEE SCHEDULE (JUN 2012)

For pricing TI costs, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (\$ PER ABOA SF OR % OF TI CONSTRUCTION COSTS)	\$3.90
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	2.5%
GENERAL CONDITIONS (% OF TI CONSTRUCTION COSTS)	5%
GENERAL CONTRACTORS FEE (% OF TI CONSTRUCTION COSTS)	3%

1.11 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$0.08 per ABOA SF. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of 0 percent.

1.12 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2012) INTENTIONALLY DELETED

A. ~~The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may use all or part of the BSAC. The Government may return to the lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed upon amortization rate over the Firm Term.~~

B. ~~The Government may elect to make lump sum payments for any work covered by the BSAC. The part of the BSAC amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.~~

C. ~~If it is anticipated that the Government will spend more than the BSAC identified above, the Government shall have the right to either:~~

~~1. Reduce the security countermeasure requirements;~~

~~2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or~~

~~3. Negotiate an increase in the rent~~

1.13 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT (JUN 2012)

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is 42.40 percent. The Percentage of Occupancy is derived by dividing the total Government Space of 182,721 RSF by the total Building space of 430,939 RSF.

1.14 REAL ESTATE TAX BASE (JUN 2012)

The Real Estate Tax Base is defined in the "Real Estate Tax Adjustment" paragraph of the Lease.

1.15 OPERATING COST BASE (AUG 2011)

The parties agree that for the purpose of applying the paragraph titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$6.15 per RSF (\$1,123,734.15/annum).

1.16 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (JUN 2012)

In accordance with the paragraph entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the entire Leased Premises or a full floor(s) of the Leased Premise prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.44 per ABOA SF of Space vacated by the Government. In no event shall the Government be entitled to receive a rent reduction for partially vacated floors. With respect to the first (1st) floor, the Government shall only be entitled to receive a rent reduction for the first (1st) floor space if all of the Leased Premises on the first (1st) floor is fully vacated by the Government.

1.17 HOURLY OVERTIME HVAC RATES (AUG 2011)

The following rates shall apply in the application of the paragraph titled "Overtime HVAC Usage:"

- \$43.62 per hour for one floor, \$14.86 per hour for each additional floor
- \$ 73.34 per hour for the entire Space.
- The Overtime rate is per hour. No engineer or building staff shall be provided during overtime hours. If the Government requires staff on site during overtime hours, the Government shall reimburse Lessor at the then-current hourly rate applicable to such overtime period, with a four (4) hour minimum charge applicable to such overtime labor. Beginning in the second (2nd) year of the lease, and continuing every year thereafter, the overtime rate shall be negotiated.

1.18 24-HOUR HVAC REQUIREMENT (APR 2014) INTENTIONALLY DELETED

~~The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at an annual rate of \$X.XX per ABOA SF of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the Building at no additional charge.~~

1.19 BUILDING IMPROVEMENTS (SEP 2012) INTENTIONALLY DELETED

~~Before the Government accepts the space, the Lessor shall complete, at its sole cost, the Agency Specific Requirements listed on Exhibit C to this Lease. In the event there are any discrepancies between any Program of Requirements (POR) and this lease, the POR shall prevail, but the Government shall be responsible for any additional costs that may be incurred by Lessor as a result of any discrepancies between any POR and this lease, including any additional requirements imposed on the Lessor that are not imposed on Lessor by this lease.~~

1.20 HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.