

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE: LEASE #GS-11B-01260"neg"

THIS LEASE, made and entered into this date between JBG/JER 550, LLC
whose address is:

C/O The JBG Companies
5301 Wisconsin Avenue, Suite 300
Washington, DC 20015-2015

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 approximately 308,859 rentable square feet (such yielding approximately 282,706 BOMA Usable square feet) located on a portion of the P-2 level, the full first floor, on a portion of the fourth floor, and the full fifth through eleventh floors together with 12 reserved, on-site, garaged parking spaces at the building to be located at 550 12th Street, SW, Washington, DC 20001.

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 YEAR FIRM term beginning on (see the attached Solicitation for Offers) through (see the attached Solicitation for Offers), ~~subject to termination and renewal rights as may be hereinafter set forth.~~

3. The Government shall pay the Lessor annual rent of:

\$9,490,440.42 at the rate of \$790,870.04 per MONTH in arrears, subject to adjustments as may be hereinafter set forth, for the term of the lease. Lessor shall abate fully serviced and amortized rent for the first six (6) months of the term.

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 made payable to: JBG/JER 550, LLC, C/O The JBG Companies, 5301 Wisconsin Avenue, Suite 300, Washington, DC 20015-2015.

~~4. The Government may terminate this lease at any time on or after _____ by giving at least _____ 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.~~

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EXCEPTION TO SF2 APPROVED GSA/IRMS

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

A. All services, utilities, alterations, repairs, maintenance, as well as any other rights and privileges stipulated by this Lease and its Attachments are included as a component of the rental consideration.

B. Pursuant to Paragraph 1.4 "Brokerage Fees," the Lessor shall be responsible for paying all brokerage commissions due in accordance with the consummation of this Lease. This commission is determined to be the payment of [REDACTED] of the gross value of the lease paid by the Government for the ten (10) years of the lease to Spaulding and Slye LLC ("S&S") who has acted as the Government's broker in connection with this transaction. The Government retains the right to direct when the Lessor shall pay S&S. The timing of payment shall be 50% upon Lease execution and 50% upon full Lease commencement.

C. Pursuant to Paragraph 1.9 "Important Clarifications to Offer Requirements", the Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$41.50 per BOMA usable square foot. Such Allowance shall be available in full immediately upon full execution of this Lease, 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 full latitude to direct disbursement of funds in any manner associated with any Government-expense connected with this Lease, 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. This Tenant Improvement Allowance is included in the rent, and has been amortized at a rate of 0% over the ten-year firm Lease term. The rent shall be adjusted downward if the Government does not utilize the entire tenant improvement allowance included in the rent, using the 0% amortization rate.

All architectural and engineering fees applicable to the Tenant Improvement cost of up to \$41.50 per BOMA usable square foot) are included in the Lessor's base rental consideration. All architectural and engineering fees for Tenant Improvements in excess of \$41.50 per BOMA usable square foot shall be at the Government's expense, and such fees shall equal 6.5% of the total direct general contractor's cost of the construction work beyond \$41.50 per BOMA usable square foot. A mutually agreed upon Supplemental Lease Agreement will be executed upon the Government's acceptance of the space that finalizes the rent using the final Tenant Improvement costs. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in Paragraph 1.11 "Tenant Alterations Prior to the Government's Initial Acceptance of Space", with the understanding that bidding shall take place at the trade/subcontractor level and any work items provided by the General Contractor, or for which there is not adequate competition at the trade/subcontractor level, shall be subject to Government review, and accepted by the Government as stated in the Notice to Proceed.

D. Pursuant to Paragraph 1.11 "Tenant Alterations Prior to the Government's Initial Acceptance of Space", it is agreed that the general contractor's total fees for general conditions and profit for the construction work of the Government's space shall not exceed [REDACTED], and the Lessor's total construction management fees shall not exceed [REDACTED]. Therefore, the total fees in connection with the build-out of the Tenant's space (including any change orders) shall not exceed [REDACTED]. Regulatory fees, permit costs and other general conditions items shall be added at cost without markup by the Lessor or General Contractor.

E. Pursuant to Paragraph 3.3 "Tax Adjustment", the Government's percentage of occupancy within the subject building for the purpose of calculating future Tax Adjustments as provided by the Lease shall be 72.37%, and the total building square footage is determined to be 422,175 rentable square feet.

F. Pursuant to Paragraph 3.6 "Operating Costs Base", the Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments shall be \$1,880,902.00 or \$6.65 per BOMA usable square foot.

G. Pursuant to Paragraph 3.9 "Common Area Factor", the Add-On Factor is determined to be 1.0830.

H. Pursuant to Paragraph 3.12 "Adjustment for Vacant Premises" the Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be \$1.00 per BOMA usable square foot for one (1) to two (2) vacant floors, \$2.00 per BOMA usable square foot for three (3) to four (4) vacant floors, \$3.00 per BOMA usable square foot for five (5) to six (6) vacant floors and \$4.00 per BOMA usable square foot for seven (7) vacant floors and up. An Adjustment for Vacant Premises shall only be applicable to space completely vacated by the government and for which the Lessor is no longer required to provide maintenance and operating services.

I. Pursuant to Paragraph 3.1 "Unit Costs" the agreed upon unit costs are the following: (Note: Unit costs exclude architectural/engineering fees that may be necessary to complete work. Also unit costs exclude sprinkler alterations that may be necessary to meet code due to alterations. All electrical circuit prices assume that there is adequate space in existing breaker panels.)

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|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------|
| 1 | The cost per linear foot of finished, office subdividing ceiling-high partitioning. | _____ | /lf |
| 2 | The cost per linear foot of finished, slab-to-slab partitioning. | _____ | /lf |
| 3 | The cost per floor mounted, 120-volt duplex electrical outlet. | _____ | /each |
| 4 | The cost per wall mounted, 120-volt duplex electrical outlet. | _____ | /each |
| 5 | The cost per floor mounted fourplex (double duplex) electrical outlet. | _____ | /each |
| 6 | The cost per wall mounted fourplex (double duplex) electrical outlet. | _____ | /each |
| 7 | The cost per dedicated, 120-volt duplex clean electrical computer receptacle. | _____ | /each |
| 8 | The cost per floor mounted telephone outlet. | _____ | /each |
| 9 | The cost per wall mounted telephone outlet. | _____ | /each |
| 10 | The cost per interior solid core door. | _____ | /each |
| 11 | The cost per square yard of carpet tile. | _____ | /sy |
| 12 | The cost per square yard of broadloom carpet. | _____ | /sy |
| 13 | The cost per dedicated control valve for sprinkler system. | _____ | /each |
| 14 | The cost per alarm valve for sprinkler system. | _____ | /each |
| 15 | The cost to upgrade floor loading from base building floor loading to 200 lbs. per usable square foot in areas not less than 100 BOMA usable square feet. | \$ _____ | /each |

J. Pursuant to Paragraph 7.3 "Overtime Usage", the rate for overtime HVAC service to the premises governed by this Lease shall be _____ per hour. The utility and engineer labor rates shall escalate annually in the same manner as provided for operating costs by Paragraph 3.4 "Operating Costs". Notwithstanding the hours of HVAC service, the Government shall have the right to occupy and use the subject leased premises at any time on any day throughout the lease term. Such use/occupancy may include, but shall not be limited to, full access to the premises and appurtenant areas as well as the use of business machinery within the premises.

K. The space shall be constructed in accordance with the design and construction schedule prepared in accordance with Paragraph 3.15 "Design/Construction Schedule". The start date for the initial task (Design Intent Drawings) shall commence upon the full execution of this Lease. All subsequent tasks/events, including the acceptance of space by the Government, shall adjust accordingly with the durations remaining the same. Either the Lessor or the Government may accelerate the duration required to complete any item on the schedule, and the entire schedule shall accelerate.

L. The Lessor shall furnish to Government's employees the continuous right throughout the Lease term upon 60 days prior written notice to lease on a month-to-month basis up to 158 parking spaces in the building's parking garage. Spaces shall be available at a rate of _____ per month per space plus a _____ escalation per year. Payment for such parking spaces shall be made by either the Government and/or the Government's employees separately from this Lease.

M. With respect to the building shell definition pursuant to Paragraph 1.10 "Building Shell Definition" handicapped accessible elements of the tenant improvements shall be provided from the tenant improvement allowance.

N. The floor plans attached to the lease reflect the areas of the building where the unique space needs (for example: the auditorium or the NIEOC "substantially column free spaces") can be accommodated in the building. The Lessor is responsible for all costs associated with accommodating the unique spaces as identified on the floor plans. Those costs include, but are not limited to, the building structure, ceiling height, floor load, building egress, and column-free areas. Such costs are included in the building shell costs included in the base rent. The Government shall not be responsible for any building shell costs associated with the unique spaces, unless Government-ordered change orders require relocation of said unique spaces as discussed in Paragraph 9.1 "Unique Requirements".

O. Attached to this Lease is the Lessor's Security Plan that addresses how the Lessor proposes to modify the building and its appurtenances to meet the Security Requirements referenced in Paragraph 7.8 "Security". This plan reflects the Lessor's level of effort and is included in the rent. If the Government elects to implement the Level IV Security Requirements differently than the plan reflects, according to the GSA Form 3517, an equitable adjustment will be negotiated.

The Government is responsible for the cost of all personal property items to be installed or guards service for the building. The Lessor and the Government shall collaborate and use best efforts to agree on the best, most cost-effective solutions to meeting the requirements as stated in the Lease.

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