

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 1D16.601

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

DATE OF LEASE: NOV 5 2010

LEASE No. GS-11B-02205

THIS LEASE, made and entered into this date between
whose address is

Indiana Associates, LP
c/o Zuckerman Gravely Development, Inc.
Two Wisconsin Circle, Suite 1050
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 considerations hereinafter mentioned, covenant and agree as follows:

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

A total of 151,300 Rentable Square Feet (RSF) (yielding 127,026 BOMA Office Area Square Feet (BOASF)) consisting of 8,657 RSF (8,240 BOASF) located on the entire 1st floor, 11,981 RSF (9,542 BOASF) located on the entire 2nd floor, 12,177 RSF (10,253 BOASF) located on the entire 3rd floor, 12,194 RSF (10,262 BOASF) located on the entire 4th floor, 12,200 RSF (10,275 BOASF) located on the entire 5th floor, 12,194 RSF (10,276 BOASF) located on each of the entire 6th through 11th floors, 10,608 RSF (8,399 BOASF) located on the entire 12th floor, and 10,319 RSF (8,399 BOASF) located on the entire 13th floor in the building located at 633 Indiana Avenue, NW, Washington, DC 20004-2908 to be used for SUCH OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit A – Floor plans of leased premises). Prior to the execution of this Lease, the Government has confirmed and accepted the measurement of the leased space as set forth in this Paragraph 1.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the firm term beginning on October 1, 2010 and continuing through September 30, 2020, subject to termination and renewal rights, if any as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$6,626,940.00 (\$43.80/BRSF; \$52.16994/BOASF) at the rate of \$552,245.00 per month in arrears. If the term of this Lease commences on a day other than the first day of a month, the rent for the first and last months shall be prorated accordingly. Rent checks shall be made payable to: Indiana Associates, LP, c/o Zuckerman Gravely Development, Inc., Two Wisconsin Circle, Suite 1050 Chevy Chase, MD, 20815 or in accordance with the provision on electronic payment of funds. The Government shall be entitled to abatement of rent in the total amount of \$682,574.82 as more fully set forth in paragraph 6(E) below.

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, alterations, repairs, and maintenance, as well as any other right and privilege stipulated by this Lease, the SFO and its Attachments to be included in the rent. The rent does not include the cost of utilities (electric, water, sewage and natural gas consumed within the leased premises) which shall be paid for directly by the Government to the applicable utility provider.

B. The Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$1,905,390.00 (\$15.00/BOASF). Such Allowance shall be available in full immediately upon execution of this Lease, but shall be held by the Lessor for a period of up to three (3) years to be disbursed as 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 accordance with the SFO and/or to offset the Government's rental obligation to the Lessor. Any new paint and carpet required by the Government shall be funded from the Tenant Improvement Allowance. It is understood that the foregoing Tenant Improvement Allowance is to be allocated prorata among the three user groups (CSOSA, PDS, and PTS) as determined by the Government, and Lessor shall work in concert with the Government to account for such allocation of the Tenant Improvement Allowance. This Tenant Improvement Allowance is included in the rent, with the \$15.00/BOASF being amortized at a rate of 0% over the ten-year Lease term. If the Government does not utilize the entire Tenant Improvement Allowance included in the rent, the rent shall be adjusted downward using the 0% amortization rate. A mutually agreed upon Supplemental Lease Agreement will be executed within three (3) years following lease commencement that confirms and finalizes final Tenant Improvement allowance utilization by the Government. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in Paragraph 3.3 "Tenant Improvement Rental Adjustment" and Paragraph 5.5 "Tenant Improvements Pricing Requirements," with the understanding that bidding shall take place at the General Contractor and/or trade/subcontractor level. Any work items provided by the General Contractor, or for which there is not adequate competition, shall be subject to the Government's review of cost and pricing data.

C. Except as otherwise set forth in this Paragraph C, the Government hereby accepts the existing tenant improvements and building shell items within the leased premises in their existing condition. Lessor represents that such items are in good repair and tenantable condition. Notwithstanding the foregoing, Lessor shall, at its expense:

- (1) Provide and install shatter resistant window film in accordance with SFO Paragraph 10.27;
- (2) Provide the complete refurbishment of all building restrooms in accordance with SFO Paragraph 1.2.;
- (3) Provide base building improvements as identified in and in accordance with Rider #1 hereto;
- (4) Provide all Fire and Life Safety improvements and corrections as required by Paragraph 6(K) below; and
- (5) Maintain and repair (or replace, if necessary) such items or conditions that relate to the building shell so that they remain in "good repair and tenantable condition" throughout the term of this lease and as otherwise required by SFO Paragraph 4.11 "Maintenance and Testing of Systems". Further, if any replacement of building systems shall become necessary during the term of this Lease, such replacement shall meet the performance requirements of the SFO.

D. The following limits on markups shall apply to all tenant improvements pertaining to the initial buildout of the space, including change orders: Offeror's General Contractor's fee shall be 5%, Lessor's overhead, profit, and project management fees shall be 6%, general conditions shall be 7%, and architectural/engineering cost shall be 10%.

E. In accordance with Paragraph 2.5 "Broker Commission and Commission Credit" of the Lease, Studley, Inc. is the authorized real estate broker representing the Government in connection with this lease transaction. The Lessor and Studley have agreed to a cooperating lease commission of [REDACTED] of the lease value for the ten (10) year firm term. The total amount of the commission is [REDACTED]. In accordance with the "Broker Commission and Commission Credit" paragraph of the SFO, Studley, Inc. has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] and shall be paid as free rent in two equal monthly installments of [REDACTED] during the first two months of the lease term. The Lessor agrees to pay Studley, Inc., 555 13th Street, N.W., Suite 420 East, Washington, DC 20004, the Commission less the Commission Credit in the lump sum amount of [REDACTED] which shall be due to Studley, Inc. upon execution of this Lease by the Government and payable within 30 days of the receipt of an invoice from Studley, Inc. by the Lessor.

The shell portion of the rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the 1st month of the rental payments and continue through the 2nd month as indicated in this schedule for adjusted Monthly Rent set forth below:

The First (1st) Month's Rental Payment of \$552,245.00 minus prorated Commission Credit of [REDACTED] equals an adjusted First Month's Rental payment of [REDACTED]

The Second (2nd) Month's Rental Payment of \$552,245.00 minus prorated Commission Credit of [REDACTED] equals an adjusted second Month's Rental payment of [REDACTED]

F. For purposes of Paragraph 4.2 of the SFO, as of the date hereof, the Government's percentage of occupancy is 100.00%, based on occupancy of 151,300 RSF in a building of 151,300 RSF. The real estate tax base year shall be the first full District of Columbia real estate tax year following the lease commencement date (i.e., the tax year which starts October 1, 2010 and ends September 30, 2011). 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 shall be net of the Government's percentage of occupancy share of the reasonable costs of the appeal.

G. For purposes of Paragraph 4.3 of the SFO, as of the date hereof, the operating cost base is \$1,263,355.00 (\$8.35 per RSF; \$9.945641 per BOASF). This operating cost base does include the cost of daytime cleaning as required by the SFO, but does not include the cost of utilities (electric, water, sewage and natural gas consumed within the space), which shall be paid for directly by the Government to the applicable utility provider.

H. Pursuant to Paragraph 4.6 of the SFO, there will be no charge by the Lessor for the usage of overtime HVAC service.

I. Pursuant to Paragraph 4.1(C) of the SFO, the Common Area Factor is determined to be 1.191095, calculated as follows: 151,300 RSF/127,026 BOASF.

J. Pursuant to paragraph 4.4 of the SFO, the adjustment for vacant premises shall be \$2.50/BOASF if the Government vacates a full floor, in full floor increments during the term of the lease, and \$3.25/BOASF if the Government vacates the entire building during the term of the lease. There shall be no credit for vacating a portion of a floor.

K. Lessor shall ensure and provide as necessary, at Lessor's expense, all Fire and Life Safety improvements required by the SFO as set forth in the pre-lease fire protection and life safety evaluation report attached to and made a part of this lease, and ensure that the building meets all local and national codes, including NFPA 101. Specifically, Lessor shall modify the building's fire alarm strobes so that they are synchronized as required by the National Fire Alarm Code (NFPA 72, 2007 Edition) paragraph 7.5.4.3. The referenced fire and life safety improvement must be made within ninety (90) days of the commencement date of this Lease.

L. The Government shall have the right, by written notice to Lessor to be given no later than the commencement date of this Lease, to lease the entirety of the garage, consisting of 41 striped spaces (31 single spaces and 10 tandem spaces), at an annual rental of \$172,200 per annum, payable at the monthly rate of \$14,350.00 for the first year of the lease term. The annual rent cost of the garage shall escalate by 3.0% of the previous years' cost each year thereafter. The election to lease the entire garage may be accomplished, at the election of the Government, by amendment of this Lease in accordance with the terms set forth herein, or by a separate operating agreement with the Lessor not inconsistent with the terms set forth herein.

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

- A. Exhibit A - Floor Plans of the Leased Area, 7 pages
- B. Rider #1 - Base Building Improvements, 1 page
- C. Solicitation For Offers No. 09-037, as amended, 58 pages
- D. Pre-Lease Fire Protection and Life Safety Evaluation - 12 pages
- E. Pre-Lease Building Security Plan, 16 pages
- F. GSA Form 1217 - Lessor's Annual Cost Statement, 1 page
- G. GSA Form 3517 - General Clauses, 33 pages
- H. GSA Form 3518 - Representations and Certifications, 7 pages

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

9. In the event of a conflict between this SF2 and any other documents that comprise the Lease, the SF2 shall govern.

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

Lessor: **INDIANA ASSOCIATES, LP**

By: **Zuckerman Gravely Management, Inc.**, its sole Manager

By: _____

IN PRESENCE OF _____

ADDRESS _____

*Two Wisconsin Circle #1050
Chevy Chase, MD 20815*

UNITED STATES OF AMERICA

BY _____

CONTRACTING OFFICER