

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:
AUG 29 2011

LEASE No. GS-11B- 02328

THIS LEASE, made and entered into this date between **Sentinel Square I, LLC**
whose address is

**c/o Trammell Crow Company,
1055 Thomas Jefferson Street, NW, Suite 600
Washington, DC 20007**

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 96,000 BOMA Rentable Square Feet (BRSF) (yielding 84,500 BOMA Office Area Square Feet (BOASF)) consisting of 13,876 BRSF (12,318 BOASF) located on a portion of the 11th floor, 35,842 BRSF (31,188BOASF) located on the entire 10th floor, 35,842 BRSF (31,188 BOASF) located on the entire 9th floor, and 10,440 BRSF (9,806 BOASF) located on a portion of the 8th floor in the building known as Sentinel Square I, located at 90 K Street, NE, Washington, DC 20002-4217 to be used for SUCH OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit A – Floor plans of leased premises). Additionally, the Government shall be entitled to the use of on-site reserved parking spaces for a total of nineteen (19) vehicles, as illustrated on the site plan labeled Exhibit "B", attached hereto and made a part hereof. The cost of these parking spaces is included in the shell rental rate.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term commencing in accordance with the terms of the Solicitation for Offers # 9DC2544 and continuing for 10 years from the commencement date and subject to termination rights set forth hereinafter. The commencement date and term shall be established in accordance with the SFO and will be memorialized in a Supplemental Lease Agreement.

3. The Government shall pay the Lessor annual rent of \$4,176,000.00 (\$43.50/BRSF; \$49.42/BOASF) at the rate of \$348,000.00 per month in arrears (see Rider #1). Rent for a lesser period shall be prorated. Rent checks shall be made payable to: **Sentinel Square I, LLC, c/o Trammell Crow Company, 1055 Thomas Jefferson Street, NW, Suite 600, Washington, DC 20007** or in accordance with the provision on electronic payment of funds. Notwithstanding the foregoing, the Government shall be entitled to abatement of rent in the total amount of \$3,748,830.00 applied as follows: (a) rent for the first ten (10) months of the lease term (inclusive of operating costs and amortization of the tenant improvement allowance) in the total amount of \$3,480,000.00 shall be abated entirely; and (b) a portion of the monthly shell rent shall be partially abated during the 11th, and 12th months of the lease term, in equal monthly amounts of \$134,415.00 for a total amount of \$268,830.00, as related to the agreed upon commission credit as more fully set forth in paragraph 6(D) below.

4. The Government may terminate this Lease at any time effective after the expiration of the fifth (5th) year of the Lease upon 365 days prior written notice and without payment of any termination fee or penalty of any kind. Said notice shall be computed commencing with the day after the date of mailing. No rental shall accrue after the effective date of termination.

5. Intentionally Deleted

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

A. All services, utilities, alterations, repairs, and maintenance, as well as any other right and privilege stipulated by this Lease, the SFO and its Attachments are included as a component of the rent.

B. The Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of \$2,963,415.00 (\$35.07/BOASF). Such Allowance shall be available in full immediately upon 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 accordance with the SFO and/or to offset the Government's rental obligation to the Lessor. This Tenant Improvement Allowance is included in the rent, with the \$35.07/BOASF being amortized at a rate of 0% over the five-year firm 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 upon the Government's acceptance of the space as substantially complete that finalizes the rent using the final Tenant Improvement allowance utilized. 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 5.1 "Tenant Improvements Pricing Requirements," with the understanding that bidding shall take place at the General Contractor or trade/subcontractor level. Any work items provided by the General Contractor, or for which there is no adequate competition at the trade/subcontractor level, shall be subject to the Government's review of cost and pricing data.

C. The following limits on markups shall apply to all tenant improvements pertaining to the buildout of the space, including change orders: Offeror's General Contractor's fee shall not exceed 2%, Lessor's overhead, profit, and project management fees shall not exceed 3%, general conditions shall not exceed 4%, and architectural/engineering cost shall not exceed \$3.01 per BOASF.

D. In accordance with Paragraph 2.4 "Broker Commission and Commission Credit" of the Lease, Studley, Inc. is the authorized real estate broker representing GSA 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 five (5) year firm term. The total amount of the commission is [REDACTED]. In accordance with the "Broker Commission and Commission Credit" paragraph, 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 equal monthly installments of [REDACTED] during months eleven (11) and twelve (12) of the lease. 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.

Notwithstanding Paragraph 3 of the Standard Form 2, 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 11th month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Eleventh (11th) Month's Rental Payment of \$348,000.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Eleventh (11th) Month's Rent.

Twelfth (12th) Month's Rental Payment of \$348,000.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Twelfth (12th) Month's Rent.

E. For purposes of Paragraph 4.2 of the SFO, as of the date hereof, the Government's percentage of occupancy is 23.2636%, based on occupancy of 96,000 BRSF in a building of 412,661 BRSF. 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.

F. For purposes of Paragraph 4.3 of the SFO, as of the date hereof, the base amount for annual operating cost adjustments is \$659,520.00 (\$6.87 per BRSF; \$7.80497 per BOASF).

G. Pursuant to Paragraph 4.6 of the SFO, the cost of overtime HVAC service shall be \$20.00 per hour per floor, which is not subject to any additional charges other than annual CPI adjustments, for the first 200 hours of overtime service used per year. The cost of overtime HVAC service shall increase to \$25.00 per hour per floor for overtime usage above 200 hours per year. Lessor shall notify the Government in writing when the hourly usage during a lease year approaches 200 hours.

H. Pursuant to Paragraph 4.1(C) of the SFO, the Common Area Factor is determined to be 1.136095, calculated as follows: 96,000 BRSF/84,500 BOASF.

I. Cleaning shall be performed Monday through Friday, Federal holidays excepted, between the hours of 8:00 AM and 5:30 PM at no additional cost to the Government.

J. Pursuant to paragraph 4.4 of the SFO, the adjustment for vacant premises shall be \$4.64/BOASF if the Government vacates the leased space during the term of the lease.

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

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

- A. Exhibit A - Floor Plans of the Leased Area, 4 pages
- B. Exhibit B - Parking Plan, 1 page
- C. Rider #1 - Rent Schedule, 1 page
- D. Rider #2 - Fire & Life Safety, 1 page
- E. Solicitation For Offers # 9DC2544, 62 pages
- F. Fire Protection and Life Safety Evaluation - 16 pages
- G. Pre-Lease Building Security Plan, 12 pages
- H. GSA Form 1217 - Lessor's Annual Cost Statement, 1 page
- I. GSA Form 3517B - General Clauses, 33 pages
- J. GSA Form 3518 - Representations and Certifications, 7 pages
- K. Small Business Subcontracting Plan, 13 pages

8. The following changes were made in this lease prior to its execution:
Paragraph 5 has been deleted in its entirety.

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

Lessor: **Sentinel Square I, LLC**

By: **TC 90 K Street LLC,**
A Delaware limited liability company,
its managing member

By: **TC MidAtlantic Development III, Inc.**
A Delaware Corporation, its sole member

By: _____

IN PRESENCE
OF _____

UNITED STATES OF AMERICA

ADDRESS 1055 Thomas Jefferson St. NW
Suite 600
Washington DC 20007

BY _____

CONTRACTING OFFICER