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

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE: JUN 2 1 2007

LEASE No. GS-11B-01966

THIS LEASE, made and entered into this date between **Potomac North, LLC**
whose address is **c/o The JBG Companies**
4445 Willard Avenue, Suite 400
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 93,349 BOMA Rentable Square Feet (BRSF) (yielding 84,815 ANSI/BOMA Office Area Square Feet (BOASF)) and consisting of 2,375 BRSF (2,158 BOASF) located on a portion of the 9th floor, 43,864 BRSF (39,790 BOASF) located on the entire 10th floor, 43,523 BRSF (39,455 BOASF) located on the entire 11th floor, 3,122 BRSF (3,070 BOASF) located on a portion of the P2 level, and 465 BRSF (342 BOASF) located on a portion of the P1 level, in the building known as Potomac Center North, located at 500 12th Street, S.W., Washington, DC, 20024 to be used for SUCH OFFICE AND RELATED PURPOSES AS DETERMINED BY THE GOVERNMENT (See Exhibit A – Floor plans of leased premises). The Federal Government shall be the only tenant in the building, except retail provided in accordance with the SFO.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term commencing in accordance with Paragraph 2 of SLA No. 1 to Lease No. GS-11B-01934, which is hereby incorporated by reference as if fully set forth herein, and continuing for 10 years from the commencement date. The required occupancy date shall be established in accordance with the project schedule in Exhibit C attached hereto dated March 26, 2007.

3. The Government shall pay the Lessor annual rent of $3,747,974.85 ($44.19/BOASF) at the rate of $312,331.24 per month in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to: **Potomac North, L.L.C.**, c/o The JBG Companies, 4445 Willard Avenue, Suite 400, Chevy Chase, MD 20815, 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 $2,424,096.45 applied as follows: (a) rent for the first six (6) full months of the lease term (inclusive of operating costs and amortization of the tenant improvement allowance) in the total amount of $1,873,987.44 shall be abated entirely as indicated in SFO Attachment #1; and (b) a portion of the monthly shell rent shall be partially abated during the 7th, 8th, and 9th full months of the lease term, in equal monthly amounts of $183,369.67, for a total amount of $550,109.01, as more fully set forth in paragraph 6(C) below.

* * * * *

4. The Government may terminate this lease effective at any time after the eighth year of the lease term by giving at least 365 days notice in writing to Lessor. Said notice shall be computed commencing with the day after the date of mailing. No rental shall accrue after the effective date of termination, except that on or before the effective date of termination, the Government shall reimburse Lessor for the amount of any amortization of tenant improvements and leasing commissions that remain unrecaptured as of the effective date of termination in accordance with Termination Fee Schedule attached hereto as Exhibit B.

* * * * *

5. (Intentionally Deleted)

(b) (6)

LESSOR GOV'T

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 in the rent.

B. The Lessor shall provide to the Government a Tenant Improvement Allowance in the amount of (b) (5), (b) (7)(F) (b) (5), (b) (7)(F) 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 $38.30/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 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 1.11 "Tenant Improvement Rental Adjustment" and Paragraph 3.2 "Tenant Improvements Prior to the Government's Initial Acceptance of Space," with the understanding that bidding shall take place at the trade/subcontractor level. 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 the Government's review of cost and pricing data.

C. A Brokerage Commission and Commission Credit of (b) (4) is due and payable as follows: (b) (4) is due to Studley, Inc. upon an award of this Lease and payable within 30 days of the receipt of an invoice. The remaining amount of (b) (4) is the Commission Credit and shall be paid as free rent, applied against the shell rent, in equal monthly installments of (b) (5), (b) (7)(F) each during the 7th, 8th, and 9th full months of the lease.

D. For purposes of Paragraph 3.4(F) and 3.5 of the SFO, as of the date hereof, the Government's percentage of occupancy is 18.78%, based on occupancy of 93,349 BRSF in a building of 497,196 BRSF. Evidence of payment of taxes shall be furnished as provided by Paragraph 3.4(D) of the SFO.

E. For purposes of Paragraphs 3.6 and 3.7 of the SFO, as of the date hereof, the operating cost base is (b) (5), (b) (7)(F)

F. Pursuant to Paragraph 3.10 "Common Area Factor", the Add-On Factor is determined to be 1.100618994, calculated as follows: 93,349 BRSF/84,815 BOASF.

G. In connection with the buildout of tenant improvements, the following limits on markups shall apply to both the initial tenant improvements and change orders: Offeror's General Contractor's fee shall not exceed (b) (5), Lessor's overhead and profit shall not exceed (b) (5), (b) and architectural/engineering cost shall not exceed (b) (5), (b). There shall be no mark up or other charge for general conditions. The combined markup shall not exceed (b) (5), (b) These markups are all subject to the right of the Government to reasonably negotiate individual markups based upon the actual scope of work of the requirement.

H. The space shall be available for the commencement of tenant improvements at award. Lessor shall design, construct, and complete all initial tenant improvements in the leased premises and deliver the space for occupancy by the Government in accordance with the agreed Project Schedule attached hereto as Exhibit C.

I. Pursuant to paragraph 7.2 of the SFO, services, utilities, and maintenance shall be provided daily, extending from 7:00 am to 6:00 pm, Monday through Friday, excluding Saturdays, Sundays and federal holidays. Beyond the aforementioned hours, the overtime HVAC service rate shall be $50.00 per hour per floor, with a four hour minimum for weekend or federal holiday overtime usage. These charges are inclusive of all labor, maintenance, and service fees. This rate shall escalate in a manner consistent with section 3.6 "Operating Costs in the SFO. Notwithstanding the hours of HVAC service, the Government shall have access to the leased space and appurtenant areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, toilets, lights, and electric power.

J. Pursuant to paragraph 7.6(A) of the SFO, the additional cost per BOASF to convert after-hours cleaning to daytime cleaning is $0.65 per BOASF.

K. The adjustment to the rent for space previously occupied by the Government and then vacated is $0.90 per BOASF for one half floor up to one full floor of vacant space, $1.10 per BOASF for one full floor or more of vacant space and $4.00 per BOASF in the event that the entire building is vacated.

(b) (6)

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

A. Exhibit A - Floor Plans of the Leased Area, 5 pages
B. Exhibit B - Termination Fee Schedule, 1 page
C. Exhibit C – Project Schedule, 16 pages
D. Solicitation For Offers No. 06-011, 57 pages
E. Attachment #1 to SFO, Rate Structure - 2 pages
F. Attachment #4 Fire Life Safety Evaluation – 11 pages
G. Seismic Certification, 9 pages
H. Pre-Lease Building Security Plan, 11 pages
I. GSA Form 1217, 1 page
J. GSA Form 3517, 32 pages
K. GSA Form 3518, 7 pages
L. Small Business Subcontracting Plan, 16 pages
M. List of Key Personnel, 1 page

8. The following changes were made in this lease prior to its execution:
Paragraph 5 has been deleted in the entirety. SFO Attachments #2 and #3 have been intentionally omitted.

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

Lessor: **Potomac North, L.L.C., a Delaware limited liability company**

By: The Prudential Insurance Company of America, its Sole Member

By: Lynn deCastro, its Vice President

By: [redacted]

IN PRESENCE OF [illegible] ADDRESS 8 Campus Drive Parsippany, NJ 07054

UNITED STATES OF AMERICA

BY [redacted]
CONTRACTING OFFICER

[redacted]

(b) (5), (b) (7)(F)

COMMENT:
SLA#
9TH FLOOR - SFO OFFICE AREA

PROJECT NAME:
POTOMAC CENTER

PROJECT NO.:
02013.00

ISSUED UNDER:

DRAWING REF.:

SCALE:
NTS

1023 31st Street, NW
Washington, DC 20007

P 202.667.9776
F 202.667.2260
www.hickokcole.com

DATE:
19 MARCH 2007

ASK#
1

(b) (6)

(b) (5), (b) (7)(F)

LESSOR_____ GOV'T_____

COMMENT:
SLA#
10TH FLOOR - SFO OFFICE AREA

PROJECT NAME:
POTOMAC CENTER

PROJECT NO.:
02013.00

ISSUED UNDER:

DRAWING REF.:

SCALE:
NTS

1023 31st Street, NW
Washington, DC 20007

P 202.667.9776
F 202.667.2260
www.hickokcole.com

DATE:
19 MARCH 2007

ASK#
2

(b) (6)

(b) (5), (b) (7)(F)

LESSOR_____ GOV'T_____

11TH FLOOR - SFO OFFICE AREA

P 202.667.9776
F 202.667.2260
www.hickokcole.com

ARCHITECTS

PROJECT NAME:
POTOMAC CENTER

PROJECT NO.:	ISSUED UNDER:	DRAWING REF.:	SCALE:	DATE:	ASK#
02013.00			NTS	19 MARCH 2007	3

(b) (6)

(b) (5), (b) (7)(F)

COMMENT:
SLA#
PARKING LEVEL 1 - SFO OFFICE AREA

PROJECT NAME:
POTOMAC CENTER

PROJECT NO.:
02013.00

ISSUED UNDER:

DRAWING REF.:

SCALE:
NTS

DATE:
19 MARCH 2007

1023 31st Street, NW
Washington, DC 20007

P 202.667.9776
F 202.667.2260
www.hickokcole.com

ASK#
4

(b) (6)

(b) (5), (b) (7)(F)

COMMENT:
SLA#
PARKING LEVEL ~~1~~ 2 - SFO OFFICE AREA

PROJECT NAME:
POTOMAC CENTER

PROJECT NO.: 02013.00

ISSUED UNDER:

DRAWING REF.:

SCALE: NTS

1023 31st Street, NW
Washington, DC 20007

P 202.667.9776
F 202.667.2260
www.hickokcole.com

DATE: 19 MARCH 2007

ASK# 5

(b) (6)

Termination Fee Schedule

Per SFO 06-011, Paragraph 1.8, E (1.)(f), the termination fee schedule is as follows:

Months Remaining in Lease Term	Amount of Termination Fee
24	$970,134.72
23	$929,712.44
22	$889,290.16
21	$848,867.88
20	$808,445.60
19	$768,023.32
18	$727,601.04
17	$687,178.76
16	$646,756.48
15	$606,334.20
14	$565,911.92
13	$525,489.64
12	$485,067.36
11	$444,645.08
10	$404,222.80
9	$363,800.52
8	$323,378.24
7	$282,955.96
6	$242,533.68
5	$202,111.40
4	$161,689.12
3	$121,266.84
2	$80,844.56
1	$40,422.28

(b) (6)

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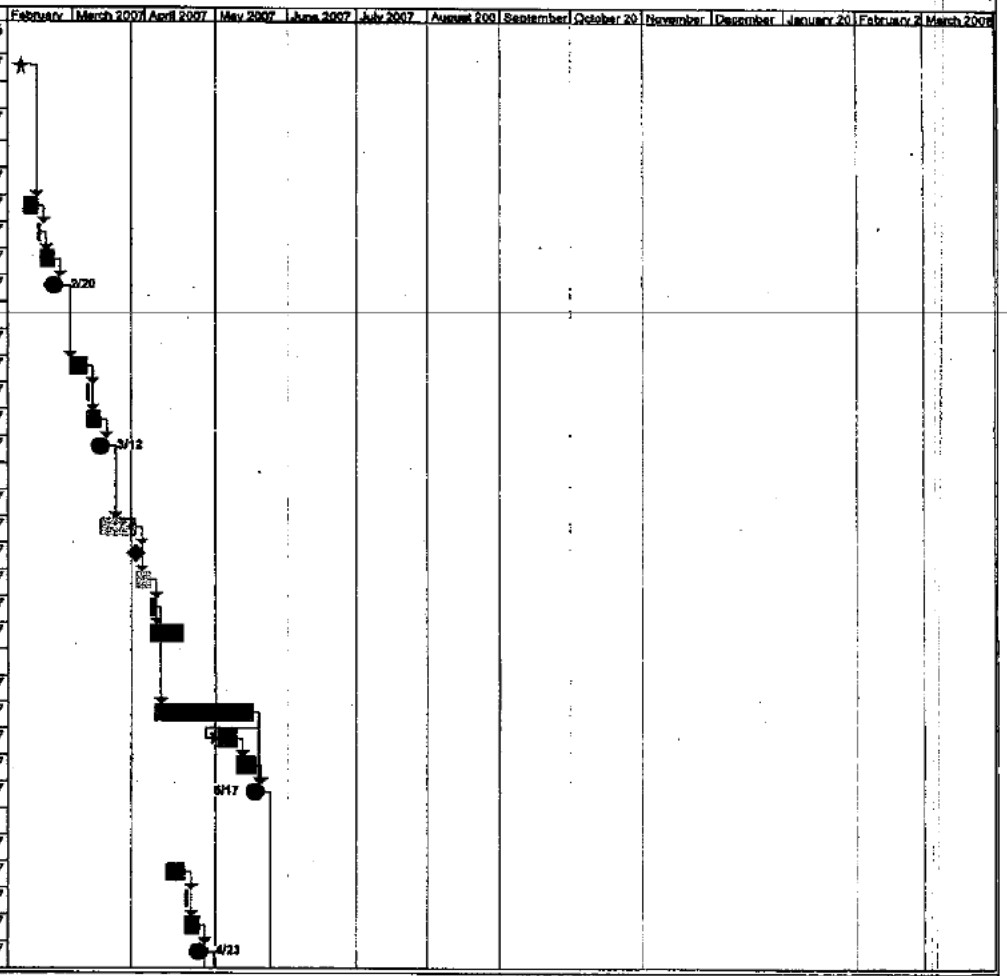
PCN Tenant Accelerated

ID	Task Name	Predecessors	Duration	Start	Finish
1	Lease Award		0 days	Wed 9/27/06	Wed 9/27/06
2	GSA Delivers FOR		1 day	Wed 2/7/07	Wed 2/7/07
3					
4	Design		26 wks	Thu 2/8/07	Mon 8/13/07
5					
6	Blocking and Stacking		1.6 wks	Thu 2/8/07	Tue 2/20/07
7	prepare blocking plan	2	4 days	Thu 2/8/07	Tue 2/13/07
8	present block and stack	7	1 day	Wed 2/14/07	Wed 2/14/07
9	revise per government comments	8	0.6 wks	Thu 2/15/07	Tue 2/20/07
10	Final Approval Blocking & Stacking / Issue Notice to Proceed to Space Planning	9	0 days	Tue 2/20/07	Tue 2/20/07
11					
12	Space Planning-Phase I (Floors 2,3,4)		1.8 wks	Wed 2/28/07	Mon 3/12/07
13	space planning plan development	10	5 days	Wed 2/28/07	Tue 3/6/07
14	Present space plan	13	1 day	Wed 3/7/07	Wed 3/7/07
15	revise per government comments	13	4 days	Wed 3/7/07	Mon 3/12/07
16	Final Space Plans Approval & Notice to Proceed to Construction Drawings	15	0 days	Mon 3/12/07	Mon 3/12/07
17					
18	Design Intent Drawings Phase I (Floors 2,3,4)	16	5 wks	Tue 3/13/07	Mon 4/16/07
19	Prepare DID Package	16	11 days	Tue 3/13/07	Tue 3/27/07
20	Deliver DID package for Government review	19	1 day	Wed 3/28/07	Wed 3/28/07
21	Revise DID Package per government Comments	19	4 days	Wed 3/28/07	Mon 4/2/07
22	Issue DID & Notice to Proceed to Construction Drawings	21	2 days	Tue 4/3/07	Wed 4/4/07
23	Lessor Provides Budget for DID's	21	2 wks	Tue 4/3/07	Mon 4/16/07
24					
25	100% Working/Construction Documents		6.2 wks	Thu 4/5/07	Thu 5/17/07
26	Develop 100% Construction Documents	22	30 days	Thu 4/5/07	Wed 5/16/07
27	Government Review & Approval	26FS-11 days	6 days	Wed 5/2/07	Wed 5/9/07
28	Revise CD's per Government comments	27	6 days	Thu 5/10/07	Thu 5/17/07
29	Issue CD's for Phase I/ Notice to Proceed to Construction	28,26	0 days	Thu 5/17/07	Thu 5/17/07
30					
31	Space Planning-Phase II (Floors5,6,7,8,9)		2 wks	Tue 4/10/07	Mon 4/23/07
32	space planning plan development		6 days	Tue 4/10/07	Tue 4/17/07
33	Present space plan	32	1 day	Wed 4/18/07	Wed 4/18/07
34	revise per government comments	32	4 days	Wed 4/18/07	Mon 4/23/07
35	Final Space Plans Approval & Notice to Proceed to Construction Drawings	34	0 days	Mon 4/23/07	Mon 4/23/07



Project: PCN Tenant
Date: Mon 3/26/07

Task | Progress | Milestone | Summary | Rolled Up Task | Rolled Up Milestone | Rolled Up Progress | Split | External Tasks | Project Summary | Group By Summary

(b) (6)

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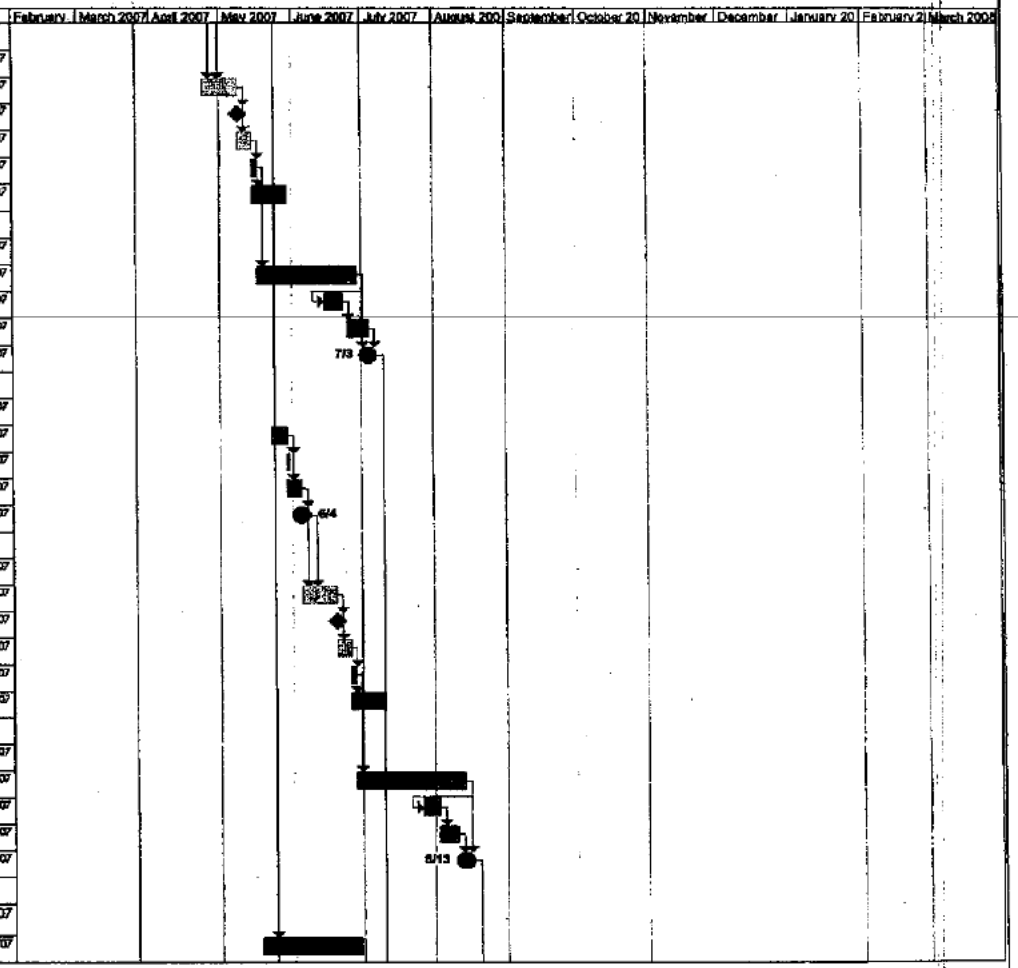
DAVIS The HG Companies

PCN Tenant Accelerated

ID	Task Name	Predecessors	Duration	Start	Finish
36					
37	Design Intent Drawings Phase II (Floors 5,6,7,8,9)	34	5 wks	Tue 4/24/07	Tue 5/29/07
38	Prepare DID Package	34,35	11 days	Tue 4/24/07	Tue 5/8/07
39	Deliver DID package for Government review	38	1 day	Wed 5/9/07	Wed 5/9/07
40	Revise DID Package per government Comments	38	4 days	Wed 5/9/07	Mon 5/14/07
41	Issue DID & Notice to Proceed to Construction Drawings	40	2 days	Tue 5/15/07	Wed 5/16/07
42	Lessor Provides Budget for DID's	40	2 wks	Tue 5/15/07	Tue 5/29/07
43					
44	100% Working/Construction Documents		6.6 wks	Thu 5/17/07	Tue 7/3/07
45	Develop 100% Construction Documents	41	30 days	Thu 5/17/07	Thu 6/28/07
46	Government Review & Approval	45FS-10 days	6 days	Fri 6/15/07	Fri 6/22/07
47	Revise CD's per Government comments	46	7 days	Mon 6/25/07	Tue 7/3/07
48	Issue CD's for Phase II/ Notice to Proceed to Construction	47,45	0 days	Tue 7/3/07	Tue 7/3/07
49					
50	Space Planning-Phase III (Floors 1,10,11)		1.6 wks	Wed 5/23/07	Mon 6/4/07
51	space planning plan development		4 days	Wed 5/23/07	Tue 5/29/07
52	Present space plan	51	1 day	Wed 5/30/07	Wed 5/30/07
53	revise per government comments	51	4 days	Wed 5/30/07	Mon 6/4/07
54	Final Space Plan Approval & Notice to Proceed to Construction Drawings	53	0 days	Mon 6/4/07	Mon 6/4/07
55					
56	Design Intent Drawings Phase III (Floors 1,10,11)		5 wks	Tue 6/5/07	Tue 7/10/07
57	Prepare DID Package	53,54	11 days	Tue 6/5/07	Tue 6/19/07
58	Deliver DID package for Government review	57	1 day	Wed 6/20/07	Wed 6/20/07
59	Revise DID Package per government Comments	57	4 days	Wed 6/20/07	Mon 6/25/07
60	Issue DID & Notice to Proceed to Construction Drawings	59	2 days	Tue 6/26/07	Wed 6/27/07
61	Lessor Provides Budget for DID's	59	2 wks	Tue 6/26/07	Tue 7/10/07
62					
63	100% Working/Construction Documents		6.4 wks	Thu 6/28/07	Mon 8/13/07
64	Develop 100% Construction Documents	60	32 days	Thu 6/28/07	Mon 8/13/07
65	Government Review & Approval	64FS-12 days	5 days	Fri 7/27/07	Thu 8/2/07
66	Revise CD's per Government comments	65	6 days	Fri 8/3/07	Fri 8/10/07
67	Issue CD's for Phase III/ Notice to Proceed to Construction	66,64	0 days	Mon 8/13/07	Mon 8/13/07
68					
69	Permitting		18 wks	Fri 5/18/07	Tue 9/25/07
70	Phase I Permits	29	30 days	Fri 5/18/07	Fri 6/29/07



Project: PCN Tenant
Date: Mon 3/26/07

Task | Progress | Milestone | Summary | Rolled Up Task | Rolled Up Milestone | Rolled Up Progress | Split | External Tasks | Project Summary | Group By Summary

(b) (6)

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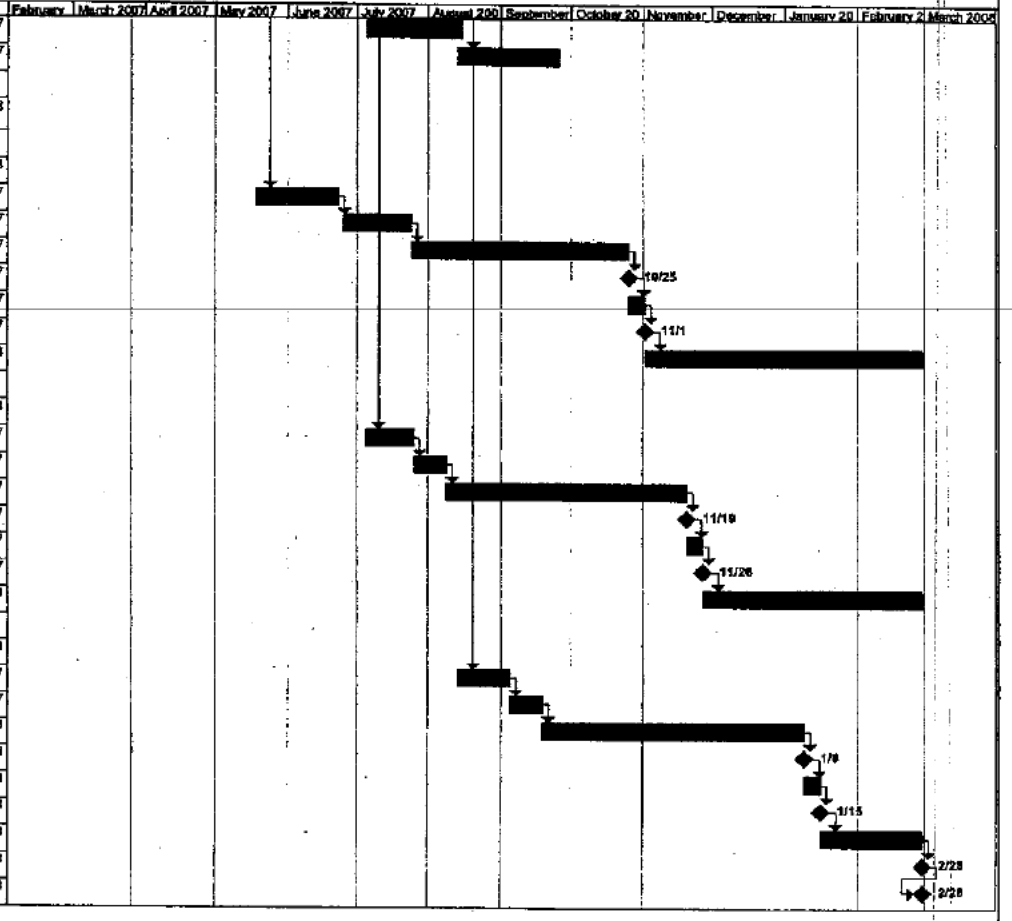
PCN Tenant Accelerated

ID	Task Name	Predecessors	Duration	Start	Finish
71	Phase II Permits	48	30 days	Thu 7/5/07	Wed 8/15/07
72	Phase III Permits	67	30 days	Tue 8/14/07	Tue 9/25/07
73					
74	Construction		39 wks	Fri 5/18/07	Thu 2/28/08
75					
76	Phase 1 (Floors 2,3,4)		39 wks	Fri 5/18/07	Thu 2/28/08
77	Bidding Period & Subcontractor Release	29	25 days	Fri 5/18/07	Fri 6/22/07
78	Submittal Processing Period & Material Release	77	21 days	Mon 6/25/07	Tue 7/24/07
79	Interior Construction	78	65 days	Wed 7/25/07	Thu 10/25/07
80	Issue Written Notice for Government Inspection	79	0 days	Thu 10/25/07	Thu 10/25/07
81	Government Inspection	80	5 days	Fri 10/26/07	Thu 11/1/07
82	Government Acceptance of Space for Systems Furniture.	81	0 days	Thu 11/1/07	Thu 11/1/07
83	Government Install Systems Furniture & Equipment	82	79 days	Fri 11/2/07	Thu 2/28/08
84					
85	Phase II (Floors 5,6,7,8,9)		32.6 wks	Thu 7/5/07	Thu 2/28/08
86	Bidding Period & Subcontractor Release	48	15 days	Thu 7/5/07	Wed 7/25/07
87	Submittal Processing Period & Material Release	86	10 days	Thu 7/26/07	Wed 8/8/07
88	Interior Construction	87	70 days	Thu 8/9/07	Mon 11/19/07
89	Issue Written Notice for Government Inspection	88	0 days	Mon 11/19/07	Mon 11/19/07
90	Government Inspection	89	5 days	Tue 11/20/07	Mon 11/26/07
91	Government Acceptance of Space for Systems Furniture.	90	0 days	Mon 11/26/07	Mon 11/26/07
92	Government Install Systems Furniture & Equipment	91	63 days	Tue 11/27/07	Thu 2/28/08
93					
94	Phase III (Floors 1,10,11)		27 wks	Tue 8/14/07	Thu 2/28/08
95	Bidding Period & Subcontractor Release	67	15 days	Tue 8/14/07	Tue 9/4/07
96	Submittal Processing Period & Material Release	95	10 days	Wed 9/5/07	Tue 9/18/07
97	Interior Construction	96	75 days	Wed 9/19/07	Tue 1/8/08
98	Issue Written Notice for Government Inspection	97	0 days	Tue 1/8/08	Tue 1/8/08
99	Government Inspection	98	5 days	Wed 1/9/08	Tue 1/15/08
100	Government Acceptance of Space for Systems Furniture.	99	0 days	Tue 1/15/08	Tue 1/15/08
101	Government Install Systems Furniture & Equipment	100	30 days	Wed 1/16/08	Thu 2/28/08
102	Rent Commencement	101	0 days	Thu 2/28/08	Thu 2/28/08
103	Lease Commencement	102	0 days	Thu 2/28/08	Thu 2/28/08



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Task | Progress | Milestone | Summary | Rolled Up Task | Rolled Up Milestone | Rolled Up Progress | Split | External Tasks | Project Summary | Group By Summary

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