

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

12/7/05

LEASE NO.

GS-03B-06310

THIS LEASE, made and entered into this date by and between
85 South, LLC

whose address is

4600 Wedgewood Boulevard, Suite A
Frederick, MD 21703-7167

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 consideration hereinafter mentioned, covenant and agree as follows:

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

227,548 ANSI/BOMA office area square feet on the 1st floor and 100 reserved parking spaces
at Wedgewood South, Building # 3, 4420 Buckeystown Pike, Frederick, MD 21704

to be used for such purposes as determined by the General Services Administration.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on
(see Rider to Lease Paragraph 13) through (see Rider to Lease Paragraph 13), subject to termination and renewal rights as
may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of (see Rider to Lease Paragraph 13) at the rate of (see Rider to Lease Paragraph 13) per month in arrears. Rent for a lesser period shall be prorated. Payment shall be made electronically and shall be made payable to:

85 South, LLC
4600 Wedgewood Boulevard, Suite A
Frederick, MD 21703

4. The Government may terminate this lease at any time in whole or in part on or after the ninth full year of occupancy by giving at least 180 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:

~~provided notice be given in writing to the Lessor at least 90 days before the end of the original lease term or any renewal 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.~~

INITIALS:

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LESSOR

&

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

- A. All services, utilities, maintenance, operations, and other considerations as set forth in this lease.
- B. All shell items outlined in the SFO and the special requirements as part of the shell rental rate and all other items not highlighted as shell items in the SFO and special requirements shall be part of the tenant improvement rental rate.
- C. This lease contains 104 pages.

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

~~The General Provisions and Instructions (Standard Form 2 - A _____ edition).~~

- A. Rider to Lease GS-03B-03610 being Paragraphs 9 through 20.
- B. Solicitation for Offers SMD0126.
- C. General Clauses (GSA Form 3517B).
- D. Representations and Certifications (GSA Form 3518).
- E. Lessor's Annual Cost Statement dated 10/27/2004 (GSA Form 1217).

8. The following changes were made in this lease prior to its execution:

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

LESSOR 85

BY

(Signature)

IN PRESENCE

4600 Wedgewood Blvd.
Frederick, MD 21703

(Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION, PBS, Allegheny Service Center

BY

Contracting Officer

(Official title)

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9. In no event shall the lessor enter into negotiations concerning the space leased with representatives of Federal agencies other than Contracting Officers and their designated representatives of the General Services Administration.

10. The total percentage of space occupied by the Government under the terms of the lease is equal to 100% percent of the total space available in the lessor's building, and will be used as the basis for computing the Government's pro-rata share of real estate taxes, as defined in the Annual Real Estate Tax Escalation Clause. The percentage of occupancy is derived by dividing the total Government space of 229,459 rentable square feet by the total building space of 229,459 rentable square feet.

11. For purposes of determining the base rate for future adjustments to the operating cost the Government agrees that the base rate quoted on the "Lessor's Annual Cost Statement", (GSA Form 1217) dated, October 14, 2005 which was resubmitted on October 27, 2004 which is \$0.64 per ANSI/BOMA Office Area square foot (BOAF) is acceptable. This figure includes the Government's pro-rata share of operating costs. The Government retains the right to inspect and review the Lessor's records to verify the costs listed on the GSA Form 1217 and/or to require a certified audit report. The basis for annual operating costs escalations will be the revised U.S. All Cities Average Consumer Price Index for Wage Earners and Clerical Workers.

The Government will be responsible for paying directly for the gas and electric services to the leased facility. These costs will not be escalated annually per the lease clause. The Lessor is responsible for all other utilities services to the leased facility. These costs have been included in the operating cost in the above referenced "Lessor's Annual Cost Statement" and are reflected in the rental rate.

12. Notwithstanding any other provision of this agreement requiring the Government to give notice to exercise any option contained herein for extension of the lease for additional space in the facility, or for purchase of the facility, the lessor shall notify the Contracting Officer, in writing, at least 30 days and

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no more than 60 days prior to the time the option must be exercised. In the event the lessor fails to notify the Government, as required by this paragraph, the Government shall have the right to exercise the option at anytime prior to the expiration of the lease. If GSA exercises the option to renew the lease, said rental will be based on the amount of operating cost adjustments accrued up to date of renewal and calculation on the basis of the new adjusted base rate for services and utilities.

13. Lessor shall complete the building shell as defined in the lease and complete all alterations, improvements, and repairs required by this lease, and deliver the leased premises ready for initial partial occupancy in accordance with Paragraph 9.4 of the lease. When Lessor has completed all such shell alterations, improvements, and repairs, Lessor shall promptly notify the Contracting Officer, who shall promptly cause the same to be inspected.

Upon the date of completion of such shell alterations, improvements, and repairs and inspection and acceptance by the Government, the term of this lease shall commence and shall continue for ten (10) consecutive calendar years. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement.

Upon acceptance of the shell build out of the leased premises by the Government, the same shall be measured, the Government shall not pay rent on space in excess of 227,548 ANSI/BOMA Office Area Square Feet (BOAF), and rental shall be paid, in accordance with Paragraph 3.8 of the lease, "ANSI/BOMA Office Area Square Feet" and Paragraph 26 General Clauses, GSA Form 3517, "Payment" for the shell and operating portion of rent at the annual amount of \$ 2,231,570.00 or an approximate rate of: \$9.80703 per ANSI/BOMA Office Area square feet per year until the completion of the tenant improvements. At that time, the rental rate will be revised per the details outlined in the following paragraph.

14. Lessor shall complete the building as defined in the lease and complete all alterations, improvements, and repairs required by this lease, and deliver the leased premises ready for full and complete occupancy by the Government within ninety (90) calendar days from the date of notice to proceed with the

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construction of the tenant improvements. When Lessor has completed all such alterations, improvements, and repairs, Lessor shall promptly notify the Contracting Officer, who shall promptly cause the same to be inspected.

Upon the date of completion of such alterations, improvements, and repairs and inspection and acceptance by the Government, the firm term of this lease shall commence and shall continue for nine (9) consecutive calendar years. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement.

Upon acceptance of the leased premises by the Government, the same shall be measured and rental shall be paid, in accordance with Paragraph 3.8 of the lease, "ANSI/BOMA Office Area Square Feet" and Paragraph 26 General Clauses, GSA Form 3517, "Payment" in the annual amount of \$2,550,127.43 at the approximate rate of: \$11.20699 per BOAF per year from years 1 through 5. Details are as follows:

Years 1 through 5:

Annual Shell Rent \$2,085,782.00 per year
 $\$2,085,782.00 / 227,548 \text{ BOAF} \approx \underline{\$9.1663385}$ per BOAF,

Amortized annual cost per BOAF for Tenant Alteration Allowance*:
\$318,557.52 per year
 $\$318,557.52 / 227,548 \text{ BOAF} \approx \underline{\$1.39996}$ per BOAF

Interest rate at which Tenant Alterations are amortized: 7.75%

Annual Cost of Services: \$145,788.00 per year
 $\$145,788.00 / 227,548 \text{ BOAF} \approx \underline{\$0.64069}$ per BOAF.

Years 6 through 9:

Annual Shell Rent \$2,143,502.16 per year
 $\$2,143,502.16 / 227,548 \text{ BOAF} = \underline{\$9.42}$ per BOAF,

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Amortized annual cost per BOAF for Tenant Alteration Allowance*:

\$318,557.52 per year

$\$318,557.52 / 227,548 \text{ BOAF} \approx \underline{\$1.39996}$ per BOAF,

Interest rate at which Tenant Alterations are amortized: 7.75%

Annual Cost of Services: \$145,788.00 per year

$\$145,788.00 / 227,548 \text{ BOAF} \approx \underline{\$0.64069}$ per BOAF.

Year 10:

Annual Shell Rent \$2,143,502.16/year

$\$2,143,502.16 / 227,548 \text{ BOAF} = \underline{\$9.42}$ per BOAF,

Annual Cost of Services: \$145,788.00/year

$\$145,788.00 / 227,548 \text{ BOAF} \approx \underline{\$0.64069}$ per BOAF.

*The rent shall be adjusted downward if the Government does not utilize the entire Tenant Improvement Allowance of \$2,059,541.73 or approximately \$9.05102 per ANSI/BOMA Office Area Square Foot, which is included in the rent, using the 7.75% amortization rate over the lease term of nine (9) years. The Government, at its election, may pay lump sum for Tenant Improvements. If this occurs, the rent shall be reduced proportionately using the 7.75% amortization rate. The Government is not responsible for the balance of Tenant Improvements if they vacate the space after the firm term of nine (9) years.

If the Government spends more than the allowance identified above, the Government reserves the right to 1) reduce the Tenant Improvement requirements, 2) pay lump sum for the overage upon completion and acceptance of the improvements, or 3) increase the rent according to the negotiated amortization rate over the firm term of the lease.

15. The Government may terminate this lease at any time on or after the ninth (9th) full year of occupancy upon 180 days written notice to the lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

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16. Common Area Factor

The Common Area Factor of this building for this Government lease that is applied to the ANSI/BOMA Office Area square feet to determine the rentable square feet is 0.0084%.

17. In accordance with Paragraph 7.3 of the lease, the additional cost to the Government for overtime use of Government leased space is \$0.00 per hour.

18. It is understood and agreed that the Government retains title to all removable property covered by this agreement and may remove same if so desired. In the event such are not removed by the Government at the end of this lease term, or any extension thereof, title shall vest in the Lessor and all right of restoration waived.

The Government retains title to all removable property covered by this agreement, including but not limited to racking units, plastic wrap stands, and generators. The Government may remove the same if so desired. In the event such are not removed by the Government at the end of the lease term or any extension thereof, title shall rest on the lessor and rights of restoration waived.

19. Final field measurements will be taken before occupancy at the time of the acceptance inspection and the mutually agreed upon square footage, not to exceed 227,548 BOAF, will be used as a basis for calculating the annual rental.

20. Definitions:

- A. Where the word "Offeror" appears it shall be considered "Lessor"
- B. Where the word "should" appears it shall be considered to be "shall"
- C. Where the word(s) "Solicitation" or "Solicitation for Offers" appears it shall be considered to be "Lease"

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