



Davis Polk

Experience, Knowledge & Collaboration

**Presentation to Davis Polk for
Continued Strategic Real Estate Services**

Meet your team



Gary Stein
TEAM LEADER



Jon Glass
LEASING STRATEGY
& FINANCIAL ANALYSIS



Sarah Dreyer
MARKET EXPERTISE



Ann Linstrom
WORKPLACE STRATEGY
& PROJECT MANAGEMENT



David Lipson
EXECUTIVE SPONSORSHIP

Our partnership with Davis Polk



Savills at a glance

Deep Global Experience Since



1855

190+

Commercial Offices



Pioneered The U.S. Tenant Representation Business Model

1954



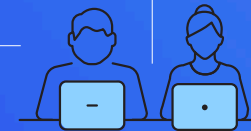
#1

Tenant Specialists



UK-Listed on the London Stock Exchange 2020 Annual Revenue of

\$2.25B



900+

Employees in North America



40

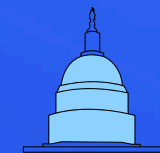
Offices in North America

25 MSF

of Transactions Completed in Washington, DC (in the past 5 years)

50+

Years serving the Washington, DC Market



Develop a strategy that accommodates future growth

Examine all potential scenarios & opportunities

Hire and retain top talent through a competitive advantage in the DC market

Create an office space that reflects your premier status, accounts for uncertainty, and maximizes flexibility



How do we achieve this?



**Use of
technology
& data**



**Expert
market
intelligence**



**Top-tier
analytics for
evaluating all
options**



**A dedicated,
experienced &
knowledgeable
partner**

What's happening in DC?

	Class A	Trophy
Full-Service Rent	\$60.00 - \$85.00	\$85.00 - \$100.00
Free Rent	18 - 24 Months	24 - 30 Months
Tenant Improvement Allowance	\$100.00 - \$150.00	\$150.00 - \$170.00

Q4 2021 Market Overview



21.0%

OVERALL AVAILABILITY RATE



Q-O-Q



\$280 PSF

TOTAL AVG. CLASS A CONCESSIONS



Q-O-Q



1.7 MSF

CURRENTLY UNDER CONSTRUCTION



Y-O-Y



9.2 MSF

2021 LEASING ACTIVITY




Y-O-Y




What law firms are doing

 Increasing efficiency: 500-650 SF/attorney


 Increased reliance on technology

 Providing offices for less than 100% of the attorney population


 Improved amenity and collaborative spaces

 One-size attorney offices at reduced sizes of 150 SF - 180 SF

 Further reduction in or elimination of physical libraries

 Attorneys are less dependent on dedicated legal assistant support

 Flexibility in leases

 Increased focus on health and wellness of employees



DC law firm growth and contractions

Since 2020



DavisPolk

Law Firms Taking Less or Same Amount of Space

GIBSON DUNN

1700 M Street NW

Previous SF: 205,000

New SF: 163,750

Change: -20%

Term: 16 Years

Deal Type: Relocation



1101 K Street NW

Previous SF: 122,000

New SF: 71,705

Change: -41%

Term: 14 Years

Deal Type: Relocation



901 New York Ave NW

Previous SF: 42,200

New SF: 31,200

Change: -26%

Term: 12 Years

Deal Type: Relocation



1999 K Street NW

Previous SF: 191,594

New SF: 173,483

Change: -9%

Term: 14 Years, 6 months

Deal Type: Renewal

Katten

1919 Penn Avenue NW

Previous SF: 73,300

New SF: 55,300

Change: -24%

Term: 15 Years

Deal Type: Relocation



3000 K Street NW

Previous SF: 142,639

New SF: 87,639

Change: -39%

Term: 15 Years

Deal Type: Renewal

wiley

2050 M Street NW

Previous SF: 335,240

New SF: 168,000

Change: -50%

Term: 17 Years, 4 months

Deal Type: Relocation



1401 New York Ave NW

Previous SF: 19,352

New SF: 12,855

Change: -34%

Term: 12 Years

Deal Type: Relocation



1301 K Street NW

Previous SF: 50,000

New SF: 43,153

Change: -14%

Term: 10 Years, 4 months

Deal Type: Relocation



1717 K Street NW

Previous SF: 33,178

New SF: 33,178

Change: 0%

Term: 6 Years

Deal Type: Renewal



901 K Street NW

Previous SF: 50,342

New SF: 38,594

Change: -23%

Term: 11 Years

Deal Type: Renewal

Law Firms Taking More Space



GOODWIN

1900 N Street NW

Previous SF: 93,266

New SF: 101,697

Change: 9%

Term: 13 Years, 8 months

Deal Type: Expansion



901 15th Street NW

Previous SF: 35,600

New SF: 41,636

Change: 17%

Term: 5 Years, 2 months

Deal Type: Expansion



2001 K Street NW

Previous SF: 54,694

New SF: 68,694

Change: 26%

Term: 14 Years

Deal Type: Expansion



250 Mass Ave

Previous SF: 0

New SF: 54,290

Change: N/A

Term: 13 Years, 9 months

Deal Type: New Location



1901 L Street NW

Previous SF: 19,700

New SF: 33,871

Change: 72%

Term: 15 Years

Deal Type: Relocation



200 Mass Ave

Previous SF: 0

New SF: 14,827

Change: N/A

Term: 11 Years, 7 months

Deal Type: New Location



1875 K Street NW

Previous SF: 67,376

New SF: 81,910

Change: 22%

Term: 11 Years, 3 months

Deal Type: Expansion



MINTZ

555 12th Street NW

Previous SF: 55,000

New SF: 57,000

Change: 4%

Term: 13 Years, 4 months

Deal Type: Relocation



555 12th Street NW

Previous SF: 33,000

New SF: 35,000

Change: 6%

Term: 13 Years

Deal Type: Relocation

Search Law Firm Name

Filters Advanced RESET ALL

Market

Washington, D.C.

Law Firms - Washington, D.C.

Law Firms

Available Options

MARKET METRICS

Washington, D.C. vs Filtered Market

Full Market

623

total buildings

75%

percent leased

131,282,442

total rsf

32,203,438

available rsf

Filtered Market

630

total buildings

75%

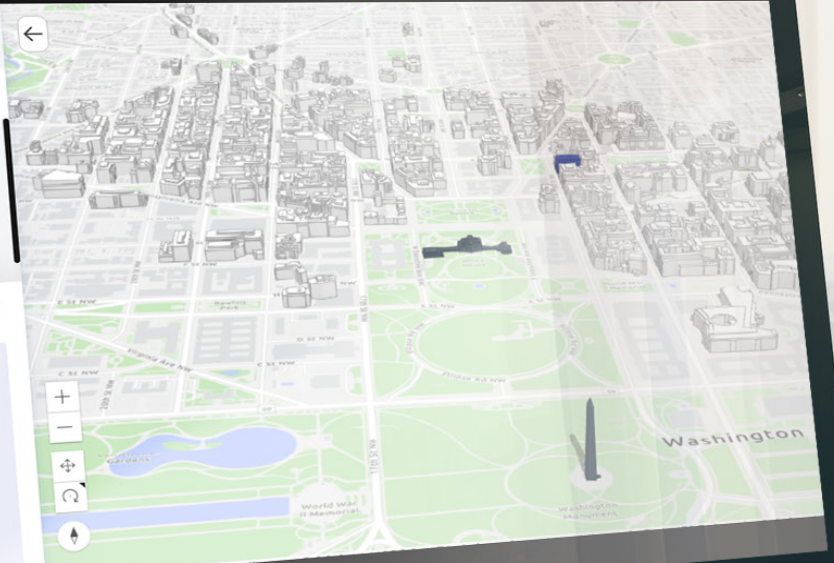
percent leased

131,282,442

total rsf

32,203,438

available rsf





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Developing & executing a real estate strategy



Your current situation

Total Square Feet: 41,636 SF on the 11th & 12th floors

Lease Expiration: July 31, 2027

Termination Option:

- Effective January 31, 2025
- Notice by January 31, 2024
- Fee: \$2,056,090 (\$49.38/sf)

Total Blended Rent PSF as of 6/1/2022:

\$55.36 NNN + \$29.16 OpEx = \$84.52 FS (Approx. \$3.5M annually)

- \$57.31 NNN on 26,027 SF
- \$56.57 NNN on 9,573 SF
- \$45.00 NNN on 6,036 SF

2021 Expansion: 10 Months of Free Rent & \$120 in TI's (\$182/SF in concessions = 53% of total rent value)

Security Deposit: \$150,000

Exterior Signage: DP has the right, but has elected not to exercise

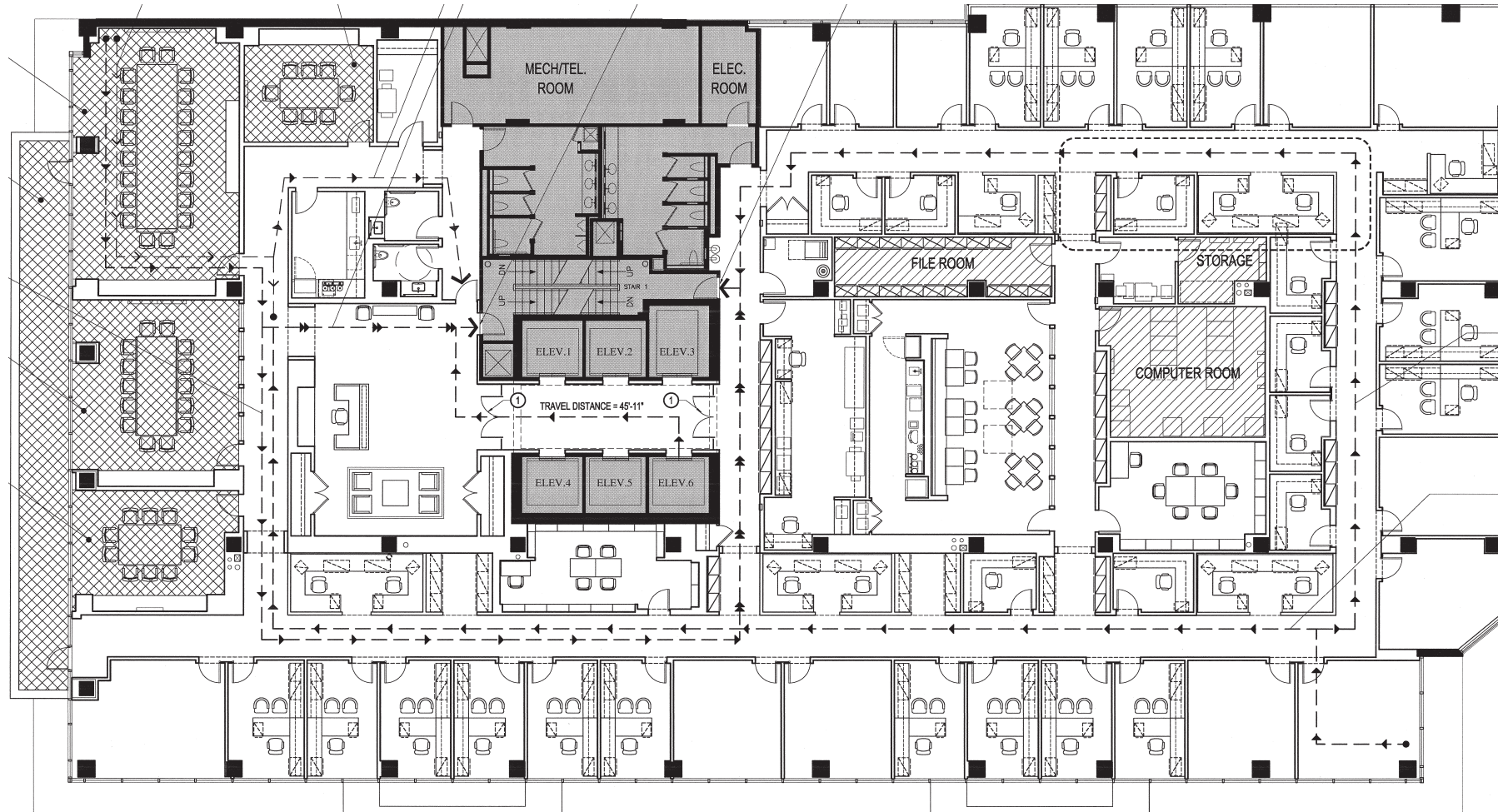
Renewal Option
ROFO Right

Floor	Tenants
12	Davis Polk 20,407 sf Jul. 2027
11	Davis Polk 21,229 sf Jul. 2027
10	Booz Allen Hamilton, Inc. 22,027 sf Aug. 2028
9	Booz Allen Hamilton, Inc. 21,778 sf Dec. 2028
8	Schulte Roth & Zabel (Subleased) 22,026 sf Jun. 2023
7	Stein Mitchell Cipolione Beato & Missner LLP (Subleased) 22,026 sf Jun. 2023
6	Available for Sublease (10,517 sf) New York Life Insurance (6,607 sf Jul. 2026) Available (2,694 sf) Avail... (2,520 sf)
5	Baxter Healthcare (5,525 sf Dec. 2024) Booz Allen Hamil... (5,628 sf Aug. 2028) ACTEC (5,628 sf Aug. 2028) U.S. Steel (3,743 sf Dec. 2031) SAE Int... (2,659 sf Dec. 2026)
4	Booz Allen Hamilton, Inc. 22,026 sf Aug. 2028
3	Booz Allen Hamilton, Inc. 21,205 sf Dec. 2028
2	Chicago School of Professional Psychology (13,304 sf Jul. 2025) Fitness Center (2,614 sf) Conference Center
1	Booz Allen Hamilton, Inc. (8,737 sf Aug. 2028) Available (1,506 sf) Chicago Sc... (760 sf Jul. 2025) App Salon (1,373 sf) Tenant Lounge

Lease Expiration



12th floor



11th floor



What options do you have?



Scenario 1

Expand to 10th Floor & Restructure/Extend Lease in 2023-2025

Pros

- Opportunity for contiguous expansion
- Familiarity with building
- Remain top floor tenant
- Opportunity for early restructure of lease and secure concessions prior to lease expiration
- Opportunity to incorporate new workplace design and standards

Cons

- Requires participation from BAH and Landlord
- Out-of-pocket renovation costs for DP and possibly BAH
- In-place renovation likely disruptive and costly
- Extension of 2025 Termination Option
- Likely have to commit to entire 10th floor

Scenario 2

Short-term Expansion on Non-Contiguous Floor; Terminate & Relocate Effective 2/1/2025

Pros

- Accommodates near-term growth needs
- Termination fee fully covered by new landlord
- Entire market to evaluate with extremely favorable conditions for tenants
- Opportunity to relocate into brand new space and building
- Opportunity to incorporate new workplace design and standards
- No disruption due to in-place renovation

Cons

- Bifurcated space for short period of time
- Expansion floor will not match current design
- Limited options to expand in the building

Scenario 3

Exercise Termination Option and Relocate Effective 2/1/2025

Pros

- Termination fee fully covered by new landlord
- Entire market to evaluate with extremely favorable conditions for tenants
- Opportunity to relocate into brand new space and building
- Opportunity to incorporate new workplace design and standards
- No disruption due to in-place renovation

Cons

- Does not accommodate near-term growth needs

Scenario 4

Exercise Termination Option and Relocate Prior to 2/1/2025

Pros

- Relocate prior to 2025 to accommodate near-term growth
- Termination fee fully covered by new landlord
- Entire market to evaluate with extremely favorable conditions for tenants
- Opportunity to relocate into brand new space and building
- Opportunity to incorporate new workplace design and standards
- No disruption due to in-place renovation

Cons

- Utilization of concessions to offset existing lease liability at 901 15th Street



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So why Savills?

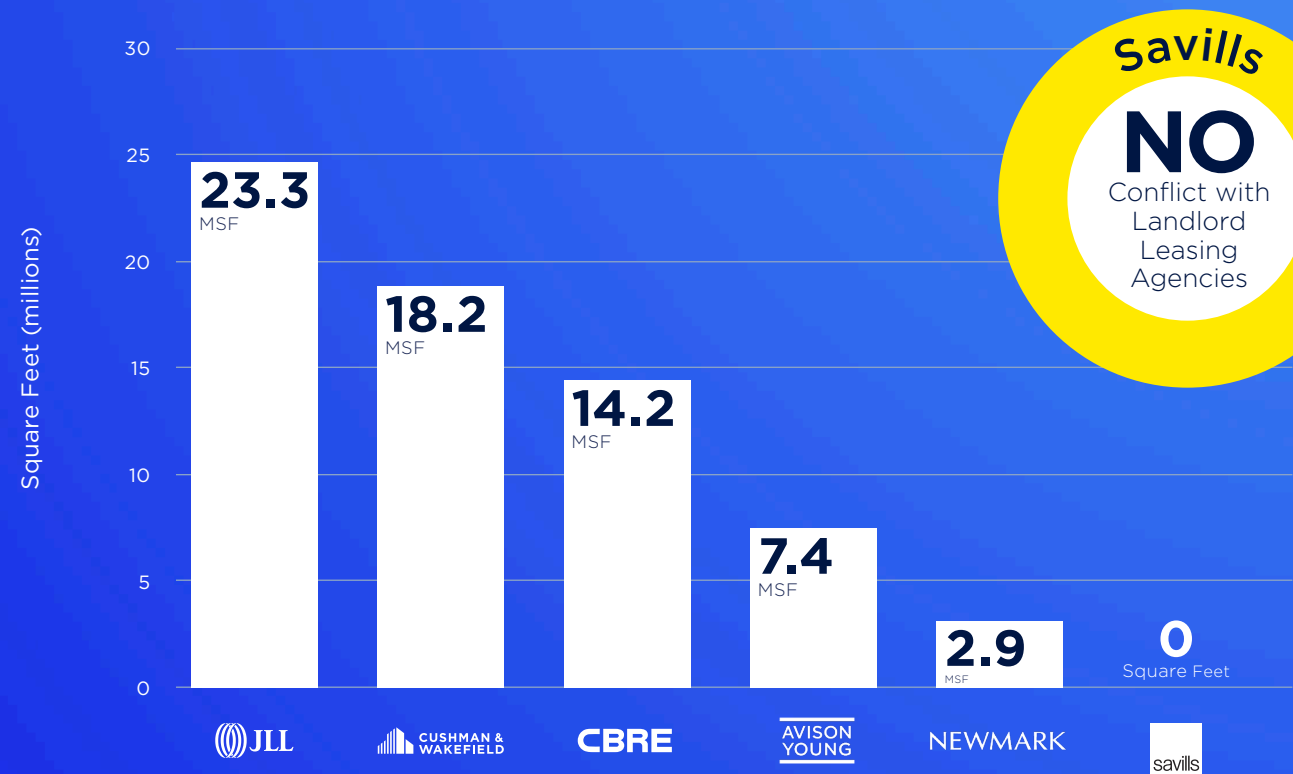


Uniquely positioned to zealously represent occupiers

No firm-wide or team commitment to landlords

100% loyalty to our occupier clients

DC Institutional Landlord Representation

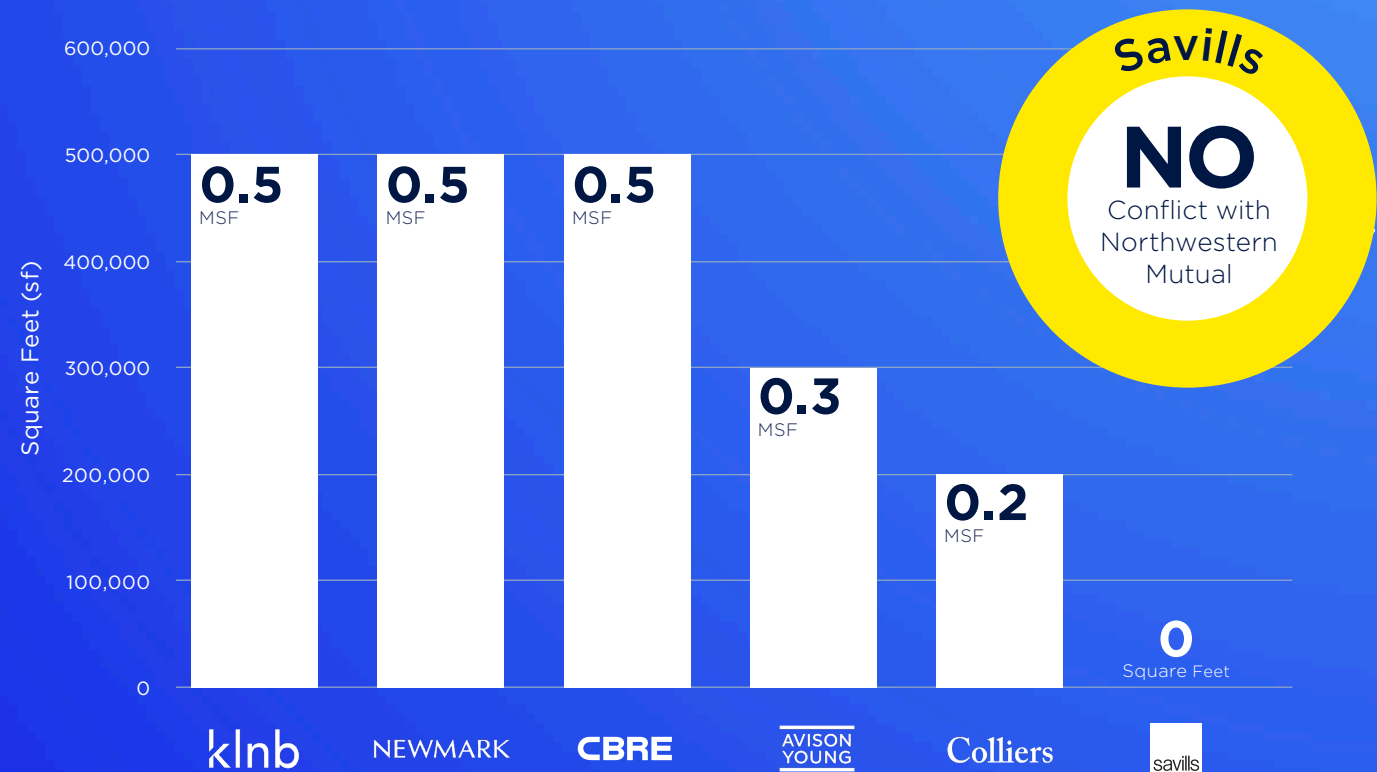


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Total Conflicts - Northwestern Mutual Insurance Co



We have the most law firm experience in DC

McGUIREWOODS
Relationships That Drive Results

BARNES &
THORNBURG LLP

GOODWIN

BLANKROME

COVINGTON

EVERSHEDS
SUTHERLAND

PERKINS COIE
COUNSEL TO GREAT COMPANIES

Davis Polk

Beveridge
& Diamond

WILMERHALE®

Baker
McKenzie.

Arent Fox

pillsbury

Hogan
Lovells

MINTZ

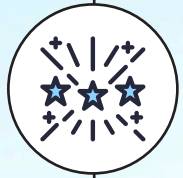
KIRKLAND & ELLIS LLP

WILLIAMS &
CONNOLLY LLP

We believe your real estate is an opportunity to...



Recruit and retain talent



Enhance culture



Improve technology



Further increase brand recognition



Promote collaboration



Succession plan



and finally...

**Davis Polk
is more
than just
a client to
our team**

For 19 years, we have supported you with the development of data-driven and effective real estate strategies. We are 100% committed to providing a long-term solution in Washington, DC.





Davis Polk

**Let's get
to work**

