

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDING SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL AGREEMENT
NO. 4

DATE JAN -5 1998

TO LEASE NO.
GS-11B-40155

ADDRESS OF PREMISES

The Portals, 445 - 12th Street, SW, Washington, DC 20024

THIS AGREEMENT, made and entered into this date by and between,
PARCEL 49C LIMITED PARTNERSHIP

whose address is
c/o Republic Properties Corporation,
1250 Maryland Avenue, S.W., Suite 280
Washington, D.C. 20024

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government.

WHEREAS, the parties hereto desire to amend the above Lease.

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective upon complete execution hereof, as follows:

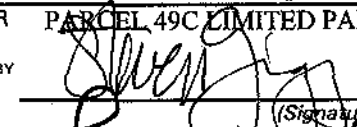
See attached continuation pages 2 - 5 for the terms and conditions of this SLA No. 4.

All other terms and conditions of the lease shall remain in force and effect, except as specifically modified herein.

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

LESSOR PARCEL 49C LIMITED PARTNERSHIP, by Portals Development Associates Limited Partnership, Its General Partner

BY


(Signature)

General Partner

(Title)


IN PRESENCE OF


(Signature)

1250 Maryland Avenue, S.W., Washington, DC
(Address)

UNITED STATES OF AMERICA

BY


(Signature)

Contracting Officer

(Official Title)

Issued to: (i) confirm the office and related space leased by the Government, together with the lease of the building parking garage; (ii) confirm the base annual rent, the percentage of Government occupancy and operating expense base; (ii) confirm certain agreements with respect to certain CPI increases on above SFO standard or "special" construction items and confirm the agreement by the Government to promptly pay amounts due in connection with above SFO standard or "special" tenant improvements; (iii) reflect a \$110,228.00 increase in the operating costs to be paid to the Lessor through an increase in the annual rental and the base for operating expense adjustments as a result of certain Government directed changes to the standard building lighting; (iv) reflect various agreements of the parties with respect to the operation of the building in which the leased space is located; (v) reflect the agreement by the Lessor and the Government on unit prices and the lease allowance quantities for tenant standard buildout items; and, (vi) reflect the granting of a license to the Government to allow the Government to install certain additional antenna's on the roof of the building; as follows:

A. Paragraphs 1, 2, 4 and 5 of SLA No. 1 to the Lease are hereby modified and restated in their entirety to confirm the space leased, including the space leased by the Government as a result of its exercise of the options set forth in paragraph 15 of SLA No. 1 to the lease and including the lease of the parking garage, the base annual rent for such space, to reflect the increase in operating costs outlined in the introductory paragraph of this SLA and the percentage of Government occupancy, as follows:

1. Amount of Space

The Lessor leases to the Government, and the Government agrees to lease, the following described premises:

(a) A total of 535,130 NUSF of office and related space consisting of 7,098 NUSF on the Maine Avenue level; 49,845 NUSF on the 12th Street Entrance Level; 44,067 NUSF on the Courtyard Level; 54,265 NUSF each on Levels 1 through 8, in the building known as Portals Building, Phase II, located at 445 12th Street, S.W., Washington, D.C. 20024. It is the intent of the Government that the [REDACTED] shall be the initial occupant of the leased space (this shall not in anyway alter the Government's rights under the General Clauses incorporated in this Lease, including but not limited to clauses 12 and 13 thereof); and

(b) Subject to each of the terms and conditions of Exhibit A attached hereto and incorporated herein, the entire parking garage in the building known as Portals Building, Phase II, located at 445 12th Street, S.W., Washington, D.C. 20024.

2. Rental Rate

The base annual rental shall be \$21,927,146.20 per annum, payable in equal monthly installments of \$1,827,262.18 in arrears. The base annual rent includes the following components:

38.64/SF
(a) \$20,677,146.20 for the 535,130 NUSF on the Maine Avenue, 12th Street Entrance, and Courtyard Levels and Levels 1 through 8 (this includes the increase in the leased space and resulting increase in the base annual rent to reflect the Government's exercise of the options set forth in paragraph 15 of SLA No. 1) (the payment of this amount shall commence in accordance with paragraph 11 of SLA No. 1 to the Lease as implemented by the terms and conditions of SLA No. 3 to the lease); and

(b) \$1,250,000.00 for the use of the parking garage subject to the terms and provisions of Exhibit A attached hereto and incorporated herein.

The portion of the base annual rental set forth in paragraph 2(a) above shall escalate for increases in operating costs as provided in paragraph 5 below; the portion of the base annual rent set forth in paragraph 2(b) above shall escalate each year during the term of the lease as provided in Exhibit A attached hereto and incorporated herein.

4. Tax Adjustment

The Government's percentage of occupancy for determining its percentage share of any increases in real estate taxes is established as 98.29%. This includes the proportional adjustment to reflect the increase in the leased space as a result of the Government's exercise of all of the options set forth in paragraph 15 of SLA No. 1 and the Government's leasing of the parking garage.

5. Operating Costs

The base rate for operating cost adjustments is established as \$5,110,937.00 for the twelve (12) month period beginning June of 1993. This includes the proportional adjustment to reflect the increase in the leased space as a result of the Government's exercise of all of the options set forth in paragraph 15 of this SLA. Immediately upon commencement of the lease, and each year thereafter, the Government shall pay adjusted rent for changes in the cost of services in addition to the base rental amount set forth in paragraph 2 above in accordance with the base rate. For purposes of calculating the adjustment for operating costs in accordance with paragraph 20 Operating Costs, "the index figure published for the month prior to rent commencement date" shall mean the index figure published for May of 1993. No adjusted rent for operating costs shall be due, or interest thereon payable, for any period prior to rent commencement dates as determined in accordance with SLA No. 1 and confirmed by SLA No. 3.

B. Paragraph 6 of SLA No. 1 to the Lease provided that pricing for certain above SFO standard or "special" tenant improvement work would be adjusted from that originally proposed by the Lessor and accepted by the Government, to reflect changes in the Consumer Price Index. With respect to the agreed pricing for such above SFO standard or "special" tenant improvement work, the parties agree that with respect to all cost and pricing proposals not settled as of August 1, 1997, no Consumer Price Index adjustment shall be made to such pricing and the original pricing without any increases or adjustments shall be effective.

Prior to the date of this SLA, the Lessor has carried out certain above SFO standard or "special" tenant improvement work. As at December 31, 1997, the amount owed by the Government to the Lessor as set forth on Exhibit B attached hereto for such above SFO standard work is \$12,915,938.57. In addition, the Government owes the Lessor \$2,144,992.00 for architectural and engineering services provided by The Harris Design Group in accordance with the Government's April 19, 1996 award letter. The Government hereby agrees to pay to the Lessor \$15,060,930.57 plus a per diem of \$4,811.13 for each day after December 31, 1997 until such amount is paid, by wire transfer to be received by the Lessor by no later than January 30, 1998 in full satisfaction of the foregoing amounts. In the event such payment is not received by Lessor by January 30, 1998 (or in the event the Government shall fail to promptly and timely make any subsequent payment(s) due to the Lessor on account of above SFO standard or "special" improvements), then the Lessor and Government shall automatically deemed to have agreed to amortize such unpaid amount through additional monthly rental payments, in arrears over the then remaining term of the lease at an amortization rate of 11.5%. With respect to such \$15,060,930.57 payment, the addition monthly rent payments which would be due from the Government in the event it fails to make the payment thereof by January 30, 1998 will be \$161,414.82 commencing with the rent payment due February 2, 1998. In the event the Government becomes obligated to make additional monthly rental payment as provided in this paragraph, such additional rental payments shall not be subject to any setoff, abatement, discount, defense, counterclaim, recoupment or

deduction by the Government for any reason, including, but not limited to a fire or other casualty which renders all or any portion of the leased premises untenantable, but which does not result in the termination of the Lease, and the payment of such additional annual rental payments shall be absolute and unconditional in all events. In the event of a fire or other casualty which results in a termination of the lease in accordance with the lease terms, the Government shall elect by written notice to the Lessor given not later than thirty (30) days following the casualty either to (i) make a lump-sum payment to the Lessor equal to the unamortized balance of the amount being amortized by such additional monthly rent payments which lump-sum payment shall accompany such written notice, or (ii) to continue monthly payments in the amounts determined in accordance with this paragraph for a term equal to the remainder the lease term prior to the termination of the lease as a result of the fire or other casualty. In the event the Government fails to provide the aforesaid notice or make the required payment within the thirty (30) day time frame as provided in the previous sentence it shall be deemed to have elected to continue the monthly payments as provided in clause (ii) of the previous sentence.

C. The Government, subject to the right of the Lessor and its employees, agents and contractors to have access to the building at all times, shall have the right to control access to the Building in which the leased space is located from the 12th Street Entrance. In addition, the Government shall have the right to place guards and electronic asset protection sensors at the Maine Avenue Entrance and the Courtyard Level Entrance to the Building, but in no event shall the Government require any person wishing to access the Courtyard (from Maine Avenue), Maine Avenue (from the Courtyard Level) or the food services areas on the Courtyard Level of the Building from either the Courtyard Entrance or Maine Avenue Entrance, to display any identification, sign in or satisfy any other requirement as a condition of entering the Building.

D. Paragraph 7 of SLA No. 1 to the Lease required the Lessor and the Government to renegotiate the Unit Prices for Adjustments with respect to certain standard tenant buildout items. Set forth in the table below are the renegotiated and agreed unit prices, as well as the agreed lease allowance quantities for each item (with respect to wood blocking in standard office, ceiling high partitions, the parties have agreed to delete the unit price for this item and have also agreed that no allowance quantity is to be provided by the Lessor):

UNIT COST ITEM	LEASE QUANTITY	PROPOSED/ AGREED PRICE
C/H PARTITIONS	53,513	
DUPLEX WALL	3,568	
DUPLEX FLOOR	892	a
FOURPLEX WALL	3,568	
FOURPLEX FLOOR	892	
ISOLATED FOURPLEX WALL	3,568	
ISOLATED FOURPLEX FLOOR	892	
TELEPHONE WALL	7,135	
TELEPHONE FLOOR	1,784	
DATA OUTLET	8,919	
A/V OUTLET	54	
INTERIOR DOOR	1,529	
VCT	0	

UNIT COST ITEM	LEASE QUANTITY	PROPOSED/ AGREED PRICE
CARPET	59,459	
S/S STC 45 PARTITION	0	
CUTTING RAISED FLOOR	0	
DEDICATED WALL DUPLEX	0	
DEDICATED FLOOR DUPLEX	0	
LIGHT SWITCH	See Note Below	
3-WAY LIGHT SWITCH	486	
¹ It is understood that as part of the initial tenant buildout standard light switches in building standard partitioning are included as part of the tenant improvements which the Lessor is to provide as part of the base annual rent and at no additional cost to the Government.		

In the event of any conflict between the terms of the original lease agreement and the foregoing table, the foregoing table shall control.

E. The Lessor hereby grants to the Government a license to install two additional antennas on the roof of the building. The license fee for such antennas shall be deemed included in the annual rental set forth in Paragraph A above. For any additional antennas, the Government shall pay the Lessor an annual license fee to be mutually negotiated by the Lessor and the Government for the right to install and maintain such antennas, which fee shall be payable in equal monthly installments in arrears. The Government agrees to abide by all rules and regulations promulgated by Lessor with respect to its use of and access to the roof and it is understood and agreed that access to the roof shall only be provided to the Government, its employees, agents and contractors upon notice to and when accompanied by a representative of Lessor.