

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE LEASE AMENDMENT	LEASE AMENDMENT No. 3
	TO LEASE NO. GS-11P-LVA12653
ADDRESS OF PREMISES STERLING BUSINESS PARK LOTS 8 & 9 22330 GLENN DRIVE STERLING, VA 20164-5367	PDN Number: N/A

THIS AMENDMENT is made and entered into between **FP STERLING PARK 8 & 9, LLC**, a Virginia Limited Liability Company whose address is:
7600 Wisconsin Avenue
11th floor
Bethesda, MD 20814-3657

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease for the purposes set forth below.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective upon execution by the Government as follows:

This Lease Amendment (LA) is issued to reflect acceptance by the Government of the premises covered by this Lease as substantially complete, effective August 17, 2016. This LA is also issued to (i) document the final Tenant Improvement Allowance (TIA) and Building Security Amortized Capital (BSAC) utilized under this Lease to be amortized as agreed upon by both parties, (ii) set forth the parties agreement as to the repayment of such utilized TIA and BSAC, and (iii) document the application of a credit in the amount of unused TIA and BSAC.

- 1. Acceptance of Premises by this Lease:** This LA is issued to reflect the Government's acceptance of the premises covered by this Lease as substantially complete effective as of August 17, 2016. The premises consist of 167,360 Rentable Square Feet (RSF), yielding 149,587 ANSI BOMA Office AREA Square Feet (ABOA SF) located on the entire first (1st), second (2nd), and third (3rd) floors of the Building known as Sterling Business Park, Lots 8 & 9, at 22330 Glenn Drive, VA, 20164, together with all available surface parking spaces available.
- 2. Term:** The firm term of the Lease shall be fifteen (15) years commencing on August 17, 2016 and ending on August 16, 2031.

This Lease Amendment contains 5 pages.

All other terms and conditions of the lease shall remain in force and effect.
IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE LESSOR:

Signature: 
Name: ROBERT MILKOVICH
Title: CEO
Entity Name: FIRST POTOMAC REALTY TRUST
Date: 11/11/16

FOR THE GOVERNMENT:

Signature: 
Name: SIVIA H. NICOLAS
Title: Lease Contracting Officer
GSA, Public Buildings Service,
Date: 12/30/2016

WITNESSED FOR THE LESSOR BY:

Signature: 
Name: Krista Bean Dorrian
Title: VP Legal
Date: 11.11.2016

3. **Annual Rent:** Subject to full abatement of rent initially due for the first twenty-five (25) months of the Lease term effective as of August 17, 2016, and the TIA and BSAC payments set forth below (hereinafter referred to as "Additional Rent"), the annual rent shall be \$5,520,612.71 (approximately \$32.99 per BRSF or \$36.91 per ABOA SF), payable at the rate of \$460,051.06 per month in arrears. This annual rent includes TIA, BSAC, a base for operating costs and a base for real estate taxes as further detailed in this LA.
4. **Initial TIA:** Per the Lease Form L201C, Lessor has provided an "Initial TIA" in the amount of \$5,826,413.65 to be amortized in the rent, at Zero percent (0%) interest rate, over the full firm term of Fifteen (15) years, at the rate of \$388,427.58 per annum or \$32,368.97 per month. This "Initial TIA" has been expended by the Government in full and shall be amortized in the rent accordingly.
5. **Additional TIA:** Per LA number 2, Lessor has made available for the Government's use an "Additional TIA" in the amount of \$6,338,200.00 to be amortized during the first twenty-five (25) months of the lease term at the rate of \$3,399,343.08 per annum, or \$283,278.59 per month, which includes a calculated interested rate of 10.46854% for a total of \$7,081,964.75. This "Additional TIA" was partially utilized by the Government as described in Paragraph (6) of this LA.
6. **Additional TIA Unexpended Balance:** Upon completion of the tenant improvements, the actual amount of "Additional TIA" expended by the Government was \$4,894,813.48. The amount of TIA, inclusive of the interest to be amortized during the rent abatement period of twenty-five months shall be \$5,469,202.00. As stipulated in LA number 2, the Government is entitled to a credit for the unused "Additional TIA" balance. This credit is in the amount of [REDACTED] = [REDACTED] and shall be applied as further detailed in Paragraph (10.B.3) of this LA.
7. **Initial BSAC:** Per the Lease Form L201C, Lessor has provided an "Initial BSAC" in the amount of \$5,235,545.00 to be amortized in the rent, at Zero percent (0%) interest rate, over the full firm term of Fifteen years, at the rate of \$349,036.33 per annum or \$29,086.36 per month. This "Initial BSAC" has been expended by the Government in full and shall be amortized in the rent accordingly.
8. **Additional BSAC:** Per LA number 2, Lessor has made available for the Government's use an "Additional BSAC" in the amount of \$3,955,185.00 to be amortized during the first twenty-five (25) months of the lease term at the rate of \$2,121,269.52 per annum, or \$176,772.46 per month, which includes a calculated interested rate of 10.46854% for a total of \$4,419,311.50. This "Additional BSAC" was partially utilized by the Government as described in Paragraph (9) of this LA.
9. **Additional BSAC Unexpended Balance:** Upon completion of the building security work, the actual amount of "Additional BSAC" expended by the Government was \$2,307,381.42 to be amortized with interest in the total of \$2,578,144.25. As stipulated in LA number 2, the Government is entitled to a credit for the unused "Additional BSAC" balance. This credit is in the amount of [REDACTED] and shall be applied as further detailed in Paragraph (10.B.3) of this LA.
10. **RENT ABATEMENT, CREDITS, AND PAYMENTS DUE TO LESSOR:**

A. RENT ABATEMENT:

In accordance with section 1.03 "Rent and Other Consideration" of the Form L201C, rent for the first 25 months of the lease term (inclusive of TIA, BSAC, and operating costs) shall be abated in its entirety. This rent abatement is in the amount of \$11,501,276.50 at the rate of \$460,051.06 per month. Applicable CPI adjustments and Real Estate Tax adjustments shall be processed and paid by the Government independently of the rent abatement.

This document will not constitute a payment until the date of execution by the Government. As a result, no payments whatsoever are due under this agreement until (30) days after the date of execution. Any amount due there under will not accrue interest until that time.

INITIALS:

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LESSOR

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B. CREDITS DUE TO THE GOVERNMENT:

B.1. BROKER COMMISSION CREDIT (BCC): In accordance with section 1.04 "Broker Commission and Commission Credit" of the Form L201C, the Government is entitled to a BCC in the amount of [REDACTED] to be received at the rate of [REDACTED] per month over five (5) months and [REDACTED] per month over two (2) months. This BCC shall be applied together with the credits for unused Additional TIA and BSAC balances as described in the following Paragraph (10.B.3) of this LA.

B.2. CREDIT FOR UNEXPENDED ADDITIONAL TIA AND BSAC: The total amount of "Additional TIA and BSAC", inclusive of interest, to be amortized over the first twenty-five (25) months of the Lease term was initially [REDACTED] = \$7,081,964.75 TIA + \$4,419,311.50 BSAC] at the rate of \$460,051.06 per month. In accordance with Paragraphs (6) and (9) of this LA, the total amount of unexpended "Additional TIA and BSAC", inclusive of interest, is \$3,453,930.00 [\$3,453,930.00 = \$1,612,762.75 TIA + \$1,841,167.25 BSAC]. The Government shall receive a credit for unexpended "Additional TIA and BSAC" in the amount of \$3,453,930.00. This credit shall be applied as described in Paragraph (10.B.3) of this LA.

Total Credit: [REDACTED] (Add'l TIA/BSAC) + \$1,667,685.09 (BCC)].

B.3. METHOD OF APPLYING CREDITS AND PAYMENTS:

1. **Initial Terms for Rent Payment and Credits:** In accordance with the Lease Form L201C, and LA Number 2:
 - a) Rent abatement for the first twenty-five (25) months for the established Lease term, inclusive of the fully expended Initial TIA and BSAC shall be entirely abated.
 - b) Broker Commission Credit shall be partially applied over Month 26 through Month 32.
 - c) Lessor provided "Additional TIA and BSAC" shall be amortized over the first twenty-five (25) months of the established Lease term.
 - d) The Government shall receive a credit for unexpended balance of the "Additional TIA and BSAC" to be memorialized in the LA that establishes the Lease term.

2. **New (Revised) Terms for Rent Payment and Credits:** In accordance with this LA Number 3, all credits due to the Government (i.e. for unexpended Additional TIA and BSAC", and BCC) shall be applied against the Additional Rent due to the Lessor effective as of the Lease commencement date until entirely exhausted. This LA establishes that such credits shall be applied for the first 11.13 months of the Lease term fully covering the period from August 17, 2016 through June 30, 2017 and partially in July 2017 as illustrated in Exhibit A "Rent Payment and Credits" attached to this LA and made part of it. Following application of all rent credits, Additional Rent shall resume at the monthly rate of \$460,051.06 through Month 25 of the Lease term. Thereafter, the annual rent shall resume at the monthly rate of \$460,051.06 as adjusted by applicable CPI adjustment(s).

(A slight deviation in the numbers is observed in this LA and Exhibit A due to rounding assumptions). In case of a conflict the numbers with other previous lease documents, this LA Number 3 shall prevail.

Attachment:

- Exhibit A – Rent Payment and Credits (1 page)
 Exhibit B – TIA BSAC and Credit Calculation (1 Page)

This document will not constitute a payment until the date of execution by the Government. As a result, no payments whatsoever are due under this agreement until (30) days after the date of execution. Any amount due there under will not accrue interest until that time.

INITIALS:


 LESSOR

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