

**GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDING SERVICE
SUPPLEMENTAL LEASE AGREEMENT**

SUPPLEMENTAL AGREEMENT

NO. 3

DATE APR 10 1997

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 Continuation Pages 2 - 4 for the terms and provisions of this SLA No. 3.

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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 Management Agent

BY


(Signature)

General Partner

(Title)

IN PRESENCE OF

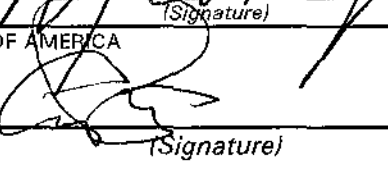

(Signature)

1250 Maryland Avenue, S.W., Washington, DC

(Address)

UNITED STATES OF AMERICA

BY


(Signature)

Contracting Officer

(Official Title)

1. For purposes of determining the rent payable commencing on each of the fixed rent start dates, the total square footage of the leased space shall be divided equally by six. The following table illustrates the rent start dates and square footage of each of the phases for rent start purposes based on the total square footages leased by the Government as of the date of this SLA:

PHASE	RENT START DATE	SQUARE FOOTAGE
Phase I	July 1, 1997	89,189
Phase II	August 15, 1997	89,188
Phase III	October 10, 1997	89,188
Phase IV	November 19, 1997	89,188
Phase V	January 2, 1998	89,188
Phase VI	February 1, 1998	89,189
TOTALS		535,130

RSF
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652,328 RSF

Rent shall be payable in the amount and as provided in this lease agreement beginning on the phase-by-phase rent start dates set forth in the table above. In the event the rent start date for any phase shall occur prior to the substantial completion of the phase by the Lessor and the acceptance thereof by the Government, the parties agrees that pursuant to paragraph 25 of SFO 88-100 attached to and incorporated in the Lease, the Government shall be entitled to a reduction in the rental rate payable for such space during the period commencing on the rent start date for the particular phase and continuing through the date of substantial completion and acceptance of the phase in question in an amount equal to \$1.50 per square foot per annum. The Government acknowledges that its obligation to make the rental payments due under the lease begins on the dates set forth in the foregoing table for each of the phases, is absolute and unconditional in all events, and, as a contractual matter, is not subject to any setoff, defense, counterclaim, recoupment, deduction, abatement or any other right, except as may be provided General Clause 15, as amended pursuant to paragraph 10 of SLA No. 1 to this Lease.

2. The Lessor and the Government hereby agree and confirm that: (i) the lease required substantial completion and delivery date (hereinafter referred to as the "Substantial Completion and Delivery Date") for each phase shall initially be the same as the rent start date for that particular phase set forth in paragraph 11 of SLA No. 1 to the Lease; (ii) the Substantial Completion and Delivery Date for each phase shall automatically be extended by one day for each day the Government fails to provide to the Lessor design intent information for the phase in question (in form and content as required by Attachment C to SFO 88-100 attached to and incorporated in the Lease) in accordance with the design intent drawing delivery schedule set forth in paragraph 3 of SLA No. 1 to the Lease; (iii) the Substantial Completion and Delivery Date for each phase shall also be extended for any other delays caused by the Government in the design and construction process for that phase subject to and in accordance with the provision of paragraph 2 of the General Clauses (GSAF 3517) attached to and incorporated in the Lease; and, (iv) in no event shall the Substantial Completion and Delivery Date for any Phase be any sooner than forty-three (43) days following the Substantial Completion and Delivery Date of the prior phase.

As of the date of this SLA the Government acknowledges that it failed to provide the design intent information to the Lessor by the dates required by SLA No. 1 to the Lease for any of the phases. The Government acknowledges and agrees that the dates on which it contends it delivered the necessary design intent information for the various phases are as set forth in the table below. The Government acknowledges also that the Lessor contends that, as of the date of this SLA No. 3, the Government has not delivered design intent information for any phase of the leased space in form and content sufficient to satisfy the requirements of the Lease other than the first phase which the Lessor contends was delivered to the Lessor by the Government on March 26, 1997.

The table below sets forth the current position of the Government with respect to the extended Substantial Completion and Delivery Date ("SCDD" in the table) and the Government agrees that it shall be estopped for all purposes from asserting that the lease required Substantial Completion and Delivery Date for any phase is earlier than the date shown in the following table; the Government hereby acknowledges that the Lessor is relying on such representation and agreement in entering into and executing this SLA.

<u>PHASE</u>	<u>SLA #1 DID DELIVERY DATE</u>	<u>EARLIEST DID DELIVERY DATE PER THE GOVERNMENT</u>	<u>+ DAYS</u>	<u>ORIGINAL SCDD</u>	<u>ADJUSTED SCDD (w/o 43 day interval maintained)</u>	<u>ADJUSTED SCDD (w/ 43 day interval maintained)</u>
Phase I	2/8/96	08/12/96	186	07/01/97	01/03/98	n/a
Phase II	4/10/96	10/23/96	196	08/15/97	02/27/98	n/a
Phase III	5/15/96	11/06/96	175	10/10/97	n/a	04/11/98
Phase IV	6/24/96	12/10/96	169	11/19/97	n/a	05/24/98
Phase V	8/7/96	12/10/96	125	01/02/98	n/a	07/06/98
Phase VI	9/20/96	02/07/97	140	02/01/98	n/a	08/18/98

The Lessor and the Government hereby acknowledge and agree that the Lessor is reserving all of its rights to assert that the actual date the Government delivered the required design intent information for any or all of the phases is in fact a date which is later than the date the Government contends it delivered the design intent information as shown in the foregoing table and that therefor that the Substantial Completion and Delivery Date for any or all of the phases has been further extended beyond that shown in the foregoing table. The Government acknowledges by virtue of this SLA that the Lessor has not waived any of its potential claims for delay or equitable adjustment including, but not limited to claims for time, increased costs, changes in scope or changes in the sequence of construction.

3. The Lessor agrees, notwithstanding any other provisions with regard to schedule or dates: (i) to proceed with the construction documents design, base building construction, and tenant fit-up construction in a normal and orderly fashion from and after the date of this SLA; and (ii), subject to the orderly and timely receipt from the Government of all necessary design information, reviews, approvals and awards for each Phase of the tenant improvements, to design, construct, substantially complete and deliver the tenant improvements to Government as soon as completed. The Government agrees, notwithstanding any other provisions with regard to schedule or dates to timely provide to the Lessor all necessary design information, reviews, approvals and awards for each of the phases of the tenant improvements.

Solely for the information of the Government, and without imposing any liability or obligations on the Lessor with respect to the schedule for or timing of the delivery of the base building or any of the phases of the leased space, the Lessor shall prepare and provide the following schedule information to the Government on a monthly basis:

- i. For the Building shell and core, the Lessor shall provide a schedule which indicates major construction milestones, projected completion of major systems, and receipt of various permits; and
- ii. For each of the respective six phases of tenant improvements, following its submission of complete construction drawings for each phase to the Government,

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the Lessor shall provide a schedule (by days not dates until such drawings are approved and a notice to proceed is issued) indicating the major trade activities, projected dates for access by the Government for purposes of installation of data and telecommunications wiring, and expected substantial completion of the Phase.

4. It is understood and agreed that interim submission and review dates set forth in Rider No. 1 to the Lease are of no force and effect with respect to this Lease or the parties obligation hereunder.

5. To the extent actual substantial completion and delivery of any phase of the leased space occurs after the date set forth in the following table, except to the extent such delay results solely from Lessor's failure to comply with its obligations as described in this SLA No. 3, it is agreed that the Lessor shall be entitled to an equitable adjustment to compensate it for any actual increased costs which it incurs as a result of such extended time(s) of delivery. The mark-ups on such actual increased costs shall be the same as those allowed for other above SFO standard work in accordance with paragraph 6 of SLA No. 1 to the lease.

<u>PHASE</u>	<u>DATE</u>
Phase I	November 1, 1997
Phase II	December 15, 1997
Phase III	February 10, 1998
Phase IV	March 19, 1998
Phase V	May 2, 1998
Phase VI	June 1, 1998

6. The SLA has been entered into by the parties for the purpose of addressing questions of interpretation regarding the meaning and intent of various terms and provisions of the Lease as set forth in the Lessor's request for a Contracting Officer's Final Decision dated October 24, 1996, addressed in the Contracting Officer's Final Decision dated January 21, 1997, and at issue in the appeal of the Contraction Officer's Final Decision under GSBGA Appeal 14062 (the "Appeal"). Pending the substantial completion and delivery of all of the phases of leased space, the parties agree to suspend all proceedings under the Appeal. It is further agreed by the parties that prior to any claim for liquidated damages being asserted by the Government in accordance with paragraph 12 of SLA No. 1 to the Lease or any other provision of the Lease against the Lessor for failure by the Lessor to substantially complete and deliver all or any portion of the leased space by the lease required Substantial Completion and Deliver Dates, the Government shall notify the Lessor in writing of its intent to assert such a claim. Prior to the Government actually asserting such a claim, the parties shall jointly submit the matter to the GSBGA for Alternative Dispute Resolution under Rule 204(a)(2) and shall request Judge Goodman to serve as the Board Neutral to preside over such ADR proceeding.

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