

SUPPLEMENTAL LEASE AGREEMENT

Number 3

Lease Number: LCA02156

Date:

MARCH 17, 2011

1000 Lakes Drive, West Covina, CA 91790

THIS AGREEMENT, made and entered into this date by and between **GATEWAY CRESCENT, LLC**

whose address is 100 Wilshire Blvd., Suite 700, Santa Monica, CA 90401-3602,

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

WHEREAS, the parties hereto desire to amend the above Lease to expand the square footage occupied, revise TI allowance for Block B, replace the floorplan, and to modify the Tenant Improvement construction schedule.

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

A. Paragraph 1 is hereby deleted in its entirety, and the following substituted therefore:

"The Lessor hereby leases to the Government the following described premises:

Block A: A total of 6,036 rentable square feet (r.s.f.) yielding approximately 5,272 ANSI/BOMA office area square feet and related space.

Block B: 2,311 rentable square feet (r.s.f.) yielding approximately 2,018 ANSI/BOMA office area square feet and related space;

For a total of 8,347 rentable square feet (r.s.f.) yielding approximately 7,290 ANSI/BOMA Office Area square feet and related space located on the 4th Floor at the Lakes, 1000 Lakes Drive, West Covina, CA 91790, together with 25 on-site surface parking spaces (the "Premises"), as depicted on the attached site plan (Exhibit A) and floor plan (Exhibit B), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION."

B. Paragraph 7, sub-paragraph g) is hereby deleted in its entirety, and the following is substituted therefore:

"g) Floor Plan (Exhibit 'B-1', page 1)."

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

Lessor, **GATEWAY CRESCENT, LLC**

By

(Signature)

(Title)

In Presence of

(Signature)

(Address)

United States Of America, General Services Administration, Public Buildings Service.

(Signature)

(Official Title)



Paragraph 10 is hereby deleted in its entirety and the following substituted therefore:

"Block A: The Government shall pay the Lessor annual rent as follows:

- For purposes of this SLA, TI has been amortized in the amount of \$0.00. Upon Beneficial Occupancy the TI Amortization period will be updated accordingly. For months 1 through August 15, 2015, annual rent of \$143,958.60 at the rate of \$11,996.55 per month in arrears:

	Rentable Sq. Foot Rate	Annual Rent	Monthly Rent
Shell Rent	\$17.16	\$103,577.76	\$8,631.48
Operating Cost	\$6.69	\$40,380.84	\$3,365.07
Amortization of TI	\$00.00	\$00.00	\$00.00
Full Service Rent	\$23.85	\$143,958.60	\$11,996.55

- For months 61 through August 15, 2017, annual rent of \$158,626.08 at the rate of \$13,218.84 per month in arrears:

	Rentable Sq. Foot Rate	Annual Rent	Monthly Rent
Shell Rent	\$19.59	\$118,245.24	\$9,853.77
Operating Cost	\$6.69	\$40,380.84	\$3,365.07
Amortization of TI	\$00.00	\$00.00	\$00.00
Full Service Rent	\$26.28	\$158,626.08	\$13,218.84

- Rent for a lesser period shall be prorated. Rent checks shall be payable to:

Gateway Crescent, LLC
100 Wilshire, Suite 700
Santa Monica, CA 90401-3602"

Block B: The Government shall pay the Lessor annual rent as follows:

- For purposes of this SLA, TI has been amortized over 60 months in the amount of \$95,108.34 (based on TI Allowance of \$47.13 per usable sf for 2,018 usable sf). Upon Beneficial Occupancy the TI amount and TI Amortization period will be updated accordingly. For months 1 through August 15, 2015, annual rent of \$78,273.57 at the rate of \$6,522.80 per month in arrears:

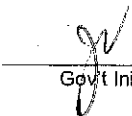
	Rentable Sq. Foot Rate	Annual Rent	Monthly Rent
Shell Rent	\$17.16	\$39,656.76	\$3,304.73
Operating Cost	\$6.69	\$15,460.59	\$1,288.38
Amortization of TI	\$10.02	\$23,156.22	\$1,929.69
Full Service Rent	\$33.87	\$78,273.57	\$6,522.80


- For months 61 through August 15, 2017, annual rent of \$60,733.08 at the rate of \$5,061.09 per month in arrears:

	Rentable Sq. Foot Rate	Annual Rent	Monthly Rent
Shell Rent	\$19.59	\$45,272.49	\$3,772.71
Operating Cost	\$6.69	\$15,460.59	\$1,288.38
Amortization of TI	\$00.00	\$00.00	\$00.00
Full Service Rent	\$26.28	\$60,733.08	\$5,061.09

- Rent for a lesser period shall be prorated. Rent checks shall be payable to:

Gateway Crescent, LLC
100 Wilshire, Suite 700
Santa Monica, CA 90401-3602"


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- C. Paragraph 22 is hereby deleted in its entirety and the following substituted therefore:

"Commission and Commission Credit:

The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of the initial lease for Block A with 6,036 rentable sf and Block B with 688 rentable sf. The total **estimated** amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED] for Block A plus estimated [REDACTED] for Block B).

The Lessor agrees to pay the Commission less the Commission Credit to the Broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this lease.

Notwithstanding Paragraph 10 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit.

For Block A, the total **estimated** amount of commission credit is [REDACTED] and reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

First Month Rental Payment \$11,996.55 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month Rent; and

Second Month Rental Payment \$11,996.55 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month Rent.

For Block B, the total **estimated** amount of commission credit is [REDACTED] and reduction in shell rent shall commence upon completion and acceptance of Tenant Improvements as indicated in this schedule for adjusted Monthly Rent:

First Month Rental Payment of \$1,885.43 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted First Month Rent; and

Second Month Rental Payment of \$1,885.43 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Second Month Rent.

The actual amount of commission for Block B will be based upon the actual, final cost of Tenant Improvements."

- D. SFO Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements, is hereby deleted in its entirety and the following substituted therefore:

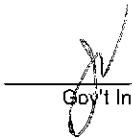
"A. The construction schedule shall commence upon lease award, unless otherwise expressly agreed by the Lessor and Government as stated in the lease. The schedule shall be divided into seven tasks for each phase. These are: 1) the generation of the design intent drawings; 2) the Government's approval of the design intent drawings; 3) the Lessor's generation of the Government's construction documents; 4) the Government's review of the construction documents; 5) the TI submittal, review and Notice to Proceed (NTP) process; 6) the Lessor's construction of the subject leased area; and 7) the Government's acceptance of the Lessor's construction. Each of these tasks is detailed below. References to "approval" shall mean such approval granted by the GSA Contracting Officer. During the construction schedule, the Government may request regularly scheduled progress meetings and request that the Lessor keep meeting minutes of discussion topics and attendance. During design and construction, the Lessor may discover instances where the Government's directives conflict. In such cases, the Lessor shall immediately notify the GSA Contracting Officer so that the Government may issue a determination as to how to proceed beyond the building shell.

B. DESIGN INTENT DRAWINGS:

Receipt and approval of Design Intent Drawings were completed on January 19, 2011.

C. WORKING/CONSTRUCTION DRAWINGS:

The construction drawings were delivered to the Government on January 27, 2011.


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**D. REVIEW OF WORKING/CONSTRUCTION DRAWINGS:**

The Government retains the right to review, and request modifications (if necessary) to, the Lessor's construction documents prior to the Lessor's commencement of interior construction. The Government's review of the construction documents is limited to the construction documents' conformance to the specific requirements of the SFO and to the approved design intent drawings. The Government shall perform all reviews of construction documents within Ten (10) working days of receipt of such from the Lessor. Should the Government require that modifications be made to the Lessor's construction documents, the Government shall state such in writing to the Lessor, and the Lessor shall have Five (5) working days to cure all noted defects before returning the construction documents to the Government for a subsequent review. Upon complete Government review for conformance of the construction documents to the design intent drawings, the Lessor shall obtain the necessary permits. Notwithstanding the Government's review of the construction documents, the Lessor is solely responsible and liable for the technical accuracy of the construction documents in meeting all requirements and provisions of the lease and the Government-approved design intent drawings. The Lessor shall obtain the necessary permits and may commence construction of the shell space.

E. TENANT IMPROVEMENTS PRICE PROPOSAL

Within Ten (10) working days of Government review for conformance of the construction drawings, the Lessor must submit the written price proposal along with adequate cost and pricing data or the documentation of the competitive proposals (as described in the "Tenant Improvements Pricing Requirements" paragraph in this section) and for any costs or credits to the Government that are beyond the scope of the original SFO and its attachments. Any work shown on the construction documents that is building shell shall be clearly identified and priced as such. After negotiation and acceptance of the Tenant Improvements price, **A NOTICE TO PROCEED SHALL BE TRANSMITTED TO THE LESSOR**, and the Lessor shall commence construction of the Tenant Improvements.

F. CONSTRUCTION OF TENANT IMPROVEMENTS:

The Lessor shall construct all Tenant Improvements in accordance with 1) the Government reviewed working/construction drawings and 2) all terms and conditions of the SFO. The Lessor shall complete Tenant Improvements within Ninety (90) calendar days of receiving the notice to proceed from the Government. The Lessor shall furnish a detailed construction schedule (such as Critical Path Method) to the Government within 5 days of issuance of the notice to proceed. Such schedule shall also indicate the dates available for the Government contractors to install telephone/data lines or equipment. The Government reserves the right to access any space within the building during the conduct of interior construction for the purposes of performing inspections or for installing Government-furnished equipment. The Government shall coordinate with the Lessor the activity of Government contractors in order to minimize conflicts with, and disruption to, other contractors on site. Access shall not be denied to authorized Government officials including, but not limited to, Government contractors, subcontractors, or consultants acting on behalf of the Government with regard to this project.

G. ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY:

Ten (10) working days prior to the completion of interior construction, the Lessor shall issue written notice to the Government to inspect the space. The Government shall have Ten (10) working days to inspect and to either accept or reject the subject space.

1. Substantially completed space will be accepted by the Government subject to the completion of minor punch list items (see the Definitions paragraph of GSA Form 3517, General Clauses). Space which is not substantially complete will not be accepted by the Government. Should the Government reject the Lessor's space as not substantially complete as defined herein, the Lessor shall immediately undertake remedial action and when ready shall issue a subsequent notice to inspect to the Government.
2. The Lessor shall provide a valid Certificate of Occupancy, issued by the local jurisdiction, for the intended use of the Government and shall maintain and operate the building in conformance with current local codes and ordinances. If the local jurisdiction does not issue Certificates of Occupancy, the Lessor shall obtain the services of a licensed fire protection engineer to verify the offered space meets all applicable local codes and ordinances to ensure an acceptable level of safety is provided.

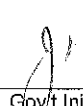
H. RENT COMMENCEMENT:


The rent commencement date (for each increment) shall be the date that space acceptance is made by the Government. Any rental paid by the Government prior to actual occupancy shall be less the cost for services and utilities. In any event, the Government will not be required to accept space and commence rent prior to the original date as indicated in **the Supplemental Lease Agreement (SLA) which establishes Beneficial Occupancy.**

I. LEASE COMMENCEMENT:

The Government shall issue GSA Form 276, Supplemental Lease Agreement, to establish the lease commencement date after the acceptance of all space, if different from the date previously established in the lease. In any case, the lease commencement date shall not be prior to the rent commencement date."

All other terms and conditions of the lease shall remain in force and effect.


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