

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL
AGREEMENT
No.11

DATE

9/8/2011

TO LEASE NO GS-09B-02392

ADDRESS OF PREMISES: 41 Paseo De Yucatan, Rio Rico, AZ 85648 (Block A) and address 57 Paseo De Yucatan (Block B), Rio Rico AZ 85648

THIS AGREEMENT, made and entered into this date by and between **Nogales Imperial, LLC**, whose address is 7825 Fay Ave, Suite 250, La Jolla, CA 92037-4259

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 Issue the Notice to Proceed for the tenant improvements for Block B (), adjust the Full Service Rent for Block B (), adjust the Operating Cost Base for Block B () and adjust the Tenant Improvement Allowance for Block B ().

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:

Paragraph 29 is hereby added as follows:

29. This SLA records the Notice to Proceed with Tenant Improvements for Block B effective upon execution of this SLA 11. Lessor agrees to complete Tenant Improvements in accordance with all terms and conditions of the Lease and Government reviewed Construction Documents for a total cost of **\$297,832.00**. \$297,832.00 (\$61.790872/ABOA) is amortized in the rent as stated in Lease paragraph 15 at a rate of 8.75% over the 120 month firm term of the Lease. No additional payments for Tenant Improvements shall be paid unless it is a Change Order approved by the Contracting Officer with a Supplemental Lease Agreement.

Paragraphs 3, 11 and 15 are deleted in their entirety and replaced as follows:

3. The Government shall pay the Lessor annual rent for **Block A** at the rate evidenced in the table below, per month in arrears for years (1) through fifteen (15). Rent for a lesser period shall be prorated.

	Annual Rent (yrs 1-10)	Monthly (yrs 1-10)	Annual rent (yrs 11-15)	Monthly(11-15)
Shell Rental Rate	\$777,597.61	\$64,799.80	\$907,873.68	\$75,656.14
TI Rental Rate	\$130,276.07	\$10,856.34	0	0
Base Operating Cost Rate	\$140,081.60	\$11,673.47	\$140,081.60	\$11,673.47
Full Service Rent	\$1,047,955.28	\$87,329.61	\$1,047,955.28	\$87,329.61

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IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: Nogales Imperial, LLC

BY

(Signature)

Paul R. Engh, Managing Member
(Print Name and Official title)

IN PRESENCE OF:

(Signature)

Michelle Snyder, Project Manager
(Print Name and Official title)

UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION, Public Buildings Service

BY

(Signature)

Contracting Officer

(Official title)

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Supplemental Lease Agreement 11

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The Government shall pay the Lessor annual rent for **Block B** at the rate evidenced in the table below, per month in arrears for years (1) through fifteen (15). Rent for a lesser period shall be prorated.

	Annual Rent (yrs 1-10)	Monthly (yrs 1-10)	Annual rent (yrs 11-15)	Monthly (11-15)
Shell Rental Rate	\$172,624.20	\$14,385.35	\$201,519.99	\$16,793.33
TI Rental Rate	\$44,791.58	\$3,732.63	0	0
Base Operating Cost Rate	\$43,263.27	\$3,605.27	\$31,093.80	\$2,591.15
Full Service Rent	\$260,679.05	\$21,723.25	\$232,613.79	\$19,384.48

Rent checks shall be payable to:

Nogales Imperial, LLC
7825 Fay Ave, Suite 250
La Jolla, CA 92037



11. Operating Cost: Pursuant to Paragraph 4.3, "Operating Cost", the base rate for purposes of operating cost escalation is established as follows:

Block A: \$5.80 per rentable square foot per annum for the term of the lease

Block B: \$8.07 per rentable square foot per annum for years 1-10 and \$5.80 per rentable square foot per annum for years 11-15

15. Tenant Improvement Allowance: The Tenant Improvement allowance for Block A () is \$866,242.79 or \$37.03/ABOASF amortized at 8.75% over the ten (10) year firm term of the lease at the rate of \$5.39/RSF. The Tenant Improvement allowance for Block B () is \$297,832.00 (\$61.790872/ABOASF) amortized at 8.75% over the first 120 months of the lease following Beneficial Occupancy of the space at the rate of \$7.36/RSF.

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

 & 
Govt Lessor