

SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL LEASE AGREEMENT NO. 003	TO LEASE NO. GS-09B-02010	DATE <u>5/22/12</u>	PAGE 1
ADDRESS OF PREMISES 610 West Ash Street, San Diego, CA 92101			

THIS AGREEMENT, made and entered into this date by and between **GLENBOROUGH WEST ASH, LLC, A DELAWARE LIMITED LIABILITY COMPANY**

whose address is **400 SOUTH EL CAMINO REAL, SUITE 1100, SAN MATEO, CA 94402**

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 increase the RENTABLE and ANSI/BOMA Office Area square feet (Suite 1005 and 705); increase secured parking; increase annual rent; increase percentage of occupancy; establish the base cost of service and anniversary date for all blocks of space; establish a separate and distinct firm term for the expanded premises; and establish improvements to be priced for the expanded premises.

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

Paragraphs 1, 3, 4, 9, 12 and 14 are hereby deleted in their entirety and the following Paragraphs 1, 3, 4, 9, 12 and 14 substituted therefore:

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

A total of **58,686 Rentable Square Feet (RSF)** yielding **51,070 ANSI/BOMA Office Area SF (ABOA)** square feet of office and related space, together with ninety four (94) structured, reserved parking spaces and six (6) structured, unreserved parking spaces located at 610 West Ash Street, San Diego, CA, to be USED FOR SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION and further defined as follows:

BLOCK A: 46,583 RSF yielding **40,535 ABOA** square feet and related space located at 610 West Ash Street, Suite 800 (5,540 RSF/4,824 ABOA), Suite 900 (4,438 RSF/3,864 ABOA), Suite 912 (3,673 RSF/3,198 ABOA), Suite 1000 (2,083 RSF/1,814 ABOA), Suite 1103 (1,823 RSF/1,585 ABOA), Suite 1200 (13,681 RSF/11,911 ABOA), Suite 1501 (1,728 RSF/1,436 ABOA), and Suite 1600 (13,617 RSF/11,903 ABOA), San Diego, CA 92101, together with sixty-four (64) structured reserved parking spaces and six (6) inside unreserved parking spaces to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

-CONTINUED ON SHEETS NUMBER 1-6, attached hereto and made a part hereof

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

LESSOR	
SIGNATURE <u>Glenborough West Ash, LLC, a Delaware limited liability company</u> 	NAME OF SIGNER <u>John Woo</u> <u>Portfolio Manager</u>
ADDRESS <u>400 S. El Camino Real, #1100</u> <u>San Mateo, CA 94402-1708</u>	

IN PRESENCE OF	
SIGNATURE <u></u>	NAME OF SIGNER <u>Perla Bravo</u>
ADDRESS	

UNITED STATES OF AMERICA	
SIGNATURE <u></u>	NAME OF SIGNER <u>DON CRAWFORD</u>
OFFICIAL TITLE OF SIGNER <u>CONTRACTING OFFICER</u>	

SHEET NUMBER 1, ATTACHED TO AND FORMING A PART OF SUPPLEMENTAL LEASE AGREEMENT NUMBER 003 TO US GOVERNMENT LEASE NUMBER GS-09B-02010

BLOCK B: 12,103 RSF yielding 10,535 ABOA square feet and related space located at 610 West Ash Street, Suite 705 (501 RSF/436 ABOA) and Suite 1005 (11,602 RSF/10,099 ABOA), San Diego, CA 92101 together with thirty (30) structured, reserved parking spaces to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION."

"3. The Government shall pay the Lessor annual rent, monthly in arrears, as set forth herein below:

BLOCK A	RSF	SHELL RATE PER RSFPY (RENTABLE SQUARE FEET PER YEAR)	OPERATING COST RSFPY (RENTABLE SQUARE FEET PER YEAR)	AMORTIZED T.I.S RSFPY (RENTABLE SQUARE FEET PER YEAR) At 8% interest	TOTAL RENT RSFPY (RENTABLE SQUARE FEET PER YEAR)	TOTAL MONTHLY RENT	TOTAL ANNUAL RENT
May 24, 2010 through May 23, 2015	46,583	\$25.31	\$7.56	\$9.105511882	\$41.97551188	\$162,945.44	\$1,955,345.27
May 24, 2015 through May 23, 2020	46,583	\$27.84	\$7.56	\$0.00	\$35.40	\$137,419.85	\$1,649,038.20

BLOCK B	RSF	SHELL RATE PER RSFPY (RENTABLE SQUARE FEET PER YEAR)	OPERATING COST (Base Operating Cost) PER RSFPY (RENTABLE SQUARE FEET PER YEAR)	AMORTIZED T.I.SRSFPY (RENTABLE SQUARE FEET PER YEAR) At 9% interest	TOTAL RENT RSFPY (RENTABLE SQUARE FEET PER YEAR)	TOTAL MONTHLY RENT	TOTAL ANNUAL RENT
September 1, 2012 through February 28, 2015	12,103	\$22.39	\$7.56	\$0.00	\$29.95	\$30,207.07	\$362,484.85
March 1, 2015 through August 31, 2017	12,103	\$24.629	\$7.56	\$0.00	\$32.189	\$32,465.29	\$389,583.47
September 1, 2017 through May 23, 2020	12,103	\$27.0919	\$7.56	\$0.00	\$34.6519	\$34,949.33	\$419,391.95

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

Glenborough Fund XII, LLC
 400 S. El Camino Real, Suite 1100
 San Mateo, California 94402"

"4. The Government may terminate this lease in whole or in part effective any time on or after the fifth (5th) year firm term by giving at least one hundred twenty (120) days' prior notice in writing to the Lessor. May 24, 2010 through May 23, 2015 represents the firm term for Block A. September 1, 2012 through August 31, 2017 represents the firm term for Block B."

-CONTINUED ON SHEET NUMBER 2, attached hereto and made a part hereof -

Initials: 
 Lessor

Initials: 
 Government

**SHEET NUMBER 2, ATTACHED TO AND FORMING A PART OF SUPPLEMENTAL LEASE AGREEMENT NUMBER 003
TO US GOVERNMENT LEASE NUMBER GS-09B-02010**

"9. **TO HAVE AND TO HOLD** said premises with their appurtenances for the term beginning and ending as shown herein, subject to any renewal or termination rights as may be hereinafter set forth.

BLOCK A: Beginning May 24, 2010 and continuing through May 23, 2020; and

BLOCK B: Beginning September 1, 2012 and continuing through May 23, 2020."

"12. **PERCENT OF OCCUPANCY:** Pursuant to Paragraph 3.5, "Percentage of Occupancy," the Government currently occupies 26.22% [46,583/177,692 rentable square feet]." Effective September 1, 2012 upon addition of BLOCK B, the Government shall occupy 33.03% [58,686/177,692 rentable square feet].

"14. **OPERATING COSTS:** The Operating Cost Base, for the purpose of operating cost escalations, shall be reestablished at \$7.56 per rentable square foot per annum with an anniversary date of May 24, 2010 for all blocks of space. The last adjustment for Block A occurred May 24, 2011. The next adjustment, for Block A only, will occur on May 24, 2012. The first scheduled adjustment for all Blocks will occur on May 24, 2013. Adjustments will be made pursuant to paragraph 3.6, entitled "Operating Costs", of Solicitation for Offers Number LCA02010."

Paragraphs 27 and 28 are hereby added, and read as follows:

"27. As part of the annual rent, Lessor shall contribute \$121,030.00 toward Tenant Improvements for Block B expansion space, or alternately, as a rent credit to the first month's rent due under the lease for that space identified as Block B. Application of said contribution to Tenant Improvements shall be at the sole discretion of the Government and any funds not utilized for construction of Tenant Improvements shall be applied as a credit to the first month's rent. A Scope of Work (Exhibit G) is attached hereto for the purpose of Tenant Improvement pricing only. Lessor agrees to provide pricing for the work identified in Exhibit G, Scope of Work within 30 days of full execution of this Supplemental Lease Agreement 003. Lessor shall not proceed with any work identified in Exhibit G and is not authorized to proceed with any of the work identified therein. Following the receipt of Tenant Improvement pricing, the Government shall identify the Tenant Improvements with which the Government wishes to proceed and said selection(s) shall be documented in a subsequent Supplemental Lease Agreement (SLA).

"28. **The following are attached and made a part hereof:**

A. **Exhibit F** – Approved Space Layout, Block B, 2 pages

B. **Exhibit G** – BLOCK B - Scope of Work, 1 page"

All other terms and conditions of this Lease shall remain in force and effect.

_____END_____

Initials: _____

Lessor

Initials: _____

Government