

GENERAL SERVICES ADMINISTRATION  
PUBLIC BUILDINGS SERVICE  
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL AGREEMENT  
NO. 1

DATE

4/14/11

TO LEASE NO.

LWA07006 Bldg. No. WA7960

ADDRESS OF PREMISES

Kent Station 4 Building, Ramsay Way, 4<sup>th</sup> Floor, Kent, WA 98032-4502

THIS AGREEMENT, made and entered into this date by and between  
Tarragon—Kent Station Phase IV, LLC  
whose address is 600 Stewart Street, Suite 1920  
Seattle, WA 98101-1094

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

WHEREAS, the parties hereto desire to amend the above Lease to establish beneficial occupancy, to increase shell rent to provide for additional ceiling costs, correct the amortized TI amount from the SF2, provide Notice To Proceed for various change orders, and to change the address of the Lessor as shown above, to restate the tax paragraph, restate the commission paragraph and order TI lump sum payment.

NOW THEREFORE, these parties for the consideration hereinafter mentioned covenant and agree that the said Lease is amended, effective March 17, 2011, by deleting Paragraphs 2, 3, 13 and 23, in their entirety and replacing with same numbered paragraphs and add Paragraph 25 as follows:

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning November 15, 2010 through November 14, 2025, subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of \$436,338.75 at the rate of \$36,361.56 per month in arrears for years 1-10, and annual rent of \$451,292.85 at the rate of \$37,607.74 per month in arrears for years 11-15. The modified rent schedule is as follows.

Annual Rent components, subject to escalation and adjustment for tenant improvement actual, are as follows:

	Annual Rent (yrs 1-10)	Monthly Rent (yrs 1-10)	Annual Rent (yrs 11-15)	Monthly Rent (yrs 11-15)
Shell Rental Rate	\$298,868.49	\$24905.70	\$39,8166.15	\$33,180.51
Tax Adjustment	\$35,512.50	\$2,959.38	\$35,512.50	\$2,959.38
TI Rental Rate	\$84,343.56	\$7,028.63	-----	-----
Operating Cost Rate	\$17,614.20	\$1,467.85	\$17,614.20	\$1,467.85
<b>Full Service Rent</b>	<b>\$436,338.75</b>	<b>\$36,361.56</b>	<b>\$451,292.85</b>	<b>\$37,607.74</b>

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

Tarragon—Kent Station Phase IV, LLC  
600 Stewart Street- Suite 1920  
Seattle, WA 98101-1094

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 above date.

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LESSOR: Tarragon- Kent Station Phase IV, LLC

BY



resident, Tarragon LLC, Manager  
(Title)

IN

600 STEWART ST. STE 1920  
SEATTLE, WA (Address) 98101

UNITED STATES OF AMERICA - GENERAL SERVICES ADMINISTRATION

BY



Lease Contracting Officer

(Official Title)

Supplemental Lease Agreement 1

Lease#: LWA07006

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13. TAX ADJUSTMENT: Pursuant to Paragraph 3.4, "Tax Adjustment (SEP 2000); for purposes of tax escalation, the Government occupies 14,205/33,556 rentable square feet. Base year taxes are established at \$35,512.50 (\$2.50 /rsf). Taxes shall be increased or decreased from the base pursuant to annual adjustment per Section 3.4 of the SFO. Tax Parcel number is identified as: 3830980080

23. The Lessor and the Broker have agreed to a cooperating lease commission of [redacted] of the firm term value of years 1-5 and [redacted] of the firm term value of years 6-10 of this lease. The total amount of the commission is [redacted]. The Lessor shall pay the Broker no additional commissions associated with 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]. 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 3 of this Supplemental Lease Agreement, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The 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's Rental Payment \$36,361.56 minus prorated Commission Credit of [redacted] equals [redacted] adjusted First Month's rent.

Second Month's Rental Payment \$36,361.56 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Second Month's rent.

Third Month's Rental Payment \$36,361.56 minus prorated Commission Credit of [redacted] equals [redacted] adjusted Third Month's rent.

25. On June 17, 2010 a Notice to Proceed was issued for Tenant Improvements (TI) in the amount not to exceed of \$616,862.76. This amount included the \$566,890.65 TI allowance to be amortized in the rent at 8.5% over 10 years and the overage of \$49,972.11 which is to be paid lump sum. This SLA No. 1 approves Change Orders 1-12, 14-19, 21-28 per the Change Order log dated 02/14/2011 in the amount not to exceed \$96,721.95 and issues the Notice to Proceed for construction of the Change Orders. Please note that Change Orders 13 and 20 are denied. This amount shall include all materials, labor, and overhead, as described further in the Change Order Log, and the lessor is to complete the work to the Government's satisfaction. Upon completion, inspection, and acceptance of the work by the Government, the Lessor shall be paid via a one-time lump sum payment in the amount not to exceed \$146,694.06 (\$49,972.11 + \$96,721.95). The change order log is hereby attached and added to the lease (Exhibit 1).

The Government, if approved by the Contracting Officer in writing, may adjust the amortized and lump sum amounts to reflect any additional Tenant improvement costs or credits during the course of the project. Any Tenant Improvement amount above the original tenant allowance will be paid pursuant to Paragraph 3.3 of the SFO."

Invoice for payment shall be submitted on letterhead of the lessor, include an invoice number, this lease number, and the following Pegasys Document Number: PS0017461. The Lessor must submit the invoice electronically to [www.finance.gsa.gov](http://www.finance.gsa.gov) with copies to:

Terria Heinlein  
General Services Administration  
400 15<sup>th</sup> St SW  
Auburn, WA 98001

Kamy Goldfarb  
CB Richard Ellis  
8270 Greensboro Dr  
Suite 620  
McLean, VA 22102

Initials:  &   
Lessor Gov't