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THIRD AMENDMENT TO LEASE AND PARTIAL ASSIGNMENT AND ASSUMPTION OF LEASE

(Stage I - Commercial)

3UUU35124

This Third Amendment to Lease and Partial Assignment and Assumption of Lease (Stage I - Commercial) (this "Agreement") is made as of the 19th day of April, 1990 (the "Effective Date") by and among Watergate Improvement Associates ("Lessor"), a District of Columbia limited partnership, Watergate Improvements Associates ("Lessee"), a District of Columbia limited partnership, and Watergate Hotel Partners, L.P. ("Hotel Lessee"), a Delaware limited partnership, amending and partially assigning the lease dated as of March 1, 1966 which lease was recorded on March 29, 1966 among the Land Records of the District of Columbia (the "Land Records") in Liber 12585, Folio 177, as amended by that certain First Stage I - Commercial Lease Amendment, dated as of May 1, 1967 and recorded among the Land Records on May 23, 1967 in Liber 12753, Folio 178, and as further amended by that certain First Amendment to Lease (Stage I - Commercial), dated as of March 1, 1971 and recorded among the Land Records on March 31, 1971 in Liber 13201, Folio 330, and as further amended by that certain Second Amendment to Lease (Stage I - Commercial), dated as of April 1, 1975 and memorialized in a Memorandum of Second Amendment to Lease, recorded among the Land Records on April 21, 1975 in Instrument No. 07895 (collectively, as amended and as amended by this Agreement, the "Lease").

WHEREAS, Lessor and Lessee mutually desire to amend the Lease,

ZONING COMMISSION
District of Columbia
Case 03-16
Exhibit 132

ZONING COMMISSION
District of Columbia
CASE NO.03-16
EXHIBIT NO.132

WHEREAS, Lessee desires to assign to Hotel Lessee, Hotel Lessee desires to assume, all of Lessee's right, [illegible]e, interest, liabilities and obligations arising under the [illegible]e from and after the Effective Date to the extent (and only [illegible]he extent) that the same relate to that portion of the [illegible]erty more particularly described on Exhibit A hereto (the [illegible]l Facilities Premises"), which portion of the Property is [illegible]ently being operated as restaurant facilities, conference [illegible]eeting rooms and valet parking areas in connection with [illegible]t certain hotel (the "Hotel") currently situated on the [illegible]rcel of land adjoining on the north of the Property and [illegible]signated as Assessment and Tax Lot Number 807 in the District [illegible] Columbia more particularly described on Exhibit B hereto [illegible]Lot 807"), and

WHEREAS, capitalized terms used herein without [illegible]finition shall have the meanings ascribed to them in the [illegible]ase,

NOW, THEREFORE, in consideration of the premises and [illegible]her good and valuable considerations, Lessor, Lessee and [illegible]otel Lessee hereby agree as follows:

1. Lessee hereby (a) assigns, transfers, sets over and [illegible]onveys to Hotel Lessee all of Lessee's right, title and interest under the Lease in and to the Hotel Facilities Premises to the extent (and only to the extent) that the same relate to the Hotel Facilities Premises, and (b) delegates to Hotel Lessee all of Lessee's duties, obligations and liabilities arising under the Lease from and after the Effective Date to the extent (and only to the extent) that the same relate to the Hotel Facilities Premises.

2. Hotel Lessee hereby (a) accepts such assignment; and (b) assumes and agrees to pay and perform and to be bound

conference or meeting rooms and valet parking areas located therein, it being intended that this Agreement, including the partial assignment and assumption herein, is made without recourse to Lessor or Lessee. Lessor and Lessee each represents and warrants to Hotel Lessee that as of the Effective Date, Lessee is not in default of its obligations or liabilities under the Lease nor does Lessor or Lessee know of any event or condition which with notice or the lapse of time or both would constitute such default by Lessee.

7. Notwithstanding anything to the contrary contained in the Lease:

(a) Hotel Lessee will pay to Lessor a net annual basic rent of $12 (the "Hotel Lessee's Basic Rent") payable in equal monthly installments in advance on May 1, 1990 and on or before the first day of each successive calendar month; and

(b) Commencing with the annual period beginning on May 1, 1990, the Basic Rent payable by Lessee to Lessor shall be $93,563 payable in equal monthly installments in advance on May 1, 1990 and on or before the first day of each successive calendar month.

8. Notwithstanding anything to the contrary contained in the Lease, with respect to any item of Additional Rent (other than Impositions) which (i) has heretofore been incurred by Lessee in connection with the Hotel Facilities Premises and (ii) is not otherwise allocated under the Lease or separately metered, Hotel Lessee's share thereof shall be the same share heretofore borne by and accounted for in the financial reportings of the owner or operator of the Hotel.

9. So long as the Impositions against Lot 807 fully and fairly reflect, among other things, the operations conducted upon and within the Hotel Facilities Premises, Hotel Lessee shall not be responsible for the payment of any Impositions referred to in section 14 of the Lease.

10. Hotel Lessee agrees to hold Lessee harmless from and indemnify Lessee for any and all losses, damages or liabilities (including reasonable attorneys' fees and expenses) which Lessee may suffer or incur that are attributable to Hotel Lessee's failure to fulfill any duties or obligations with respect to the Lease that are assumed by Hotel Lessee hereunder. Lessee agrees to hold Hotel Lessee harmless from and indemnify Hotel Lessee for any and all losses, damages or liabilities (including reasonable attorneys' fees and expenses) which Hotel Lessee may suffer or incur that are attributable to Lessee's failure to fulfill any duties or obligations with respect to the Lease that are not assumed by Hotel Lessee hereunder.

11. Recognizing that the Hotel Facilities Premises is an integral part of the Hotel and cannot be severed from the operations of the Hotel, Hotel Lessee's interest under the Lease shall not be assigned, conveyed or otherwise transferred except to a transferee of the Hotel.

12. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns.

13. This Agreement contains the entire agreement of the parties with regard to the matters stated herein and all prior

negotiations and merged into this Agreement. No change, modification or waiver shall be valid unless in writing and signed by the party against whom it is to be enforced.

14. Notwithstanding anything to the contrary contained in section 38 of the Lease, all notices or other communications hereunder by or to Lessor, Lessee or Hotel Lessee shall be in writing and shall be deemed to have been given when delivered or mailed by first class registered or certified mail, postage prepaid, addressed: (a) if to Lessor, at c/o Pan-American Management, Inc., 521 Fifth Avenue, Suite 1407, New York, New York 10175, Attention: James O. Boisi, or at such other address as Lessor shall have furnished to Hotel Lessee, Lessee or Trustee in writing, (b) if to Lessee, at same address for Lessor, or at such other address as Lessee shall have furnished to Hotel Lessee, Lessor or Trustee in writing, and (c) if to Hotel Lessee, at c/o Trusthouse Forte, Inc., 1973 Friendship Drive, El Cajon, California 92020, Attention: Thomas D. Farrell, or at such other address as Hotel Lessee shall have furnished to Lessor, Lessee and Trustee in writing.

15. Except as amended hereby, the Lease is in all respects ratified and confirmed and the terms thereof shall remain in full force and effect.

IN TESTIMONY WHEREOF, Watergate Improvement Associates, a District of Columbia limited partnership, as Lessee, has caused these presents to be executed by Second Bouverie Properties, Inc., a Delaware corporation and the general partner of said partnership; and said Second Bouverie Properties, Inc., as a partner in Watergate Improvement Associates, has on this 19th day of

April, 1990, caused this Agreement to be executed by
s O. Boisi, its President, attested by Mark E. Rose, its
etary, and its corporate seal to be hereunto affixed, and does
titute and appoint James O. Boisi its true and lawful
rney-in-fact to acknowledge and deliver these presents as its
and deed.

IN TESTIMONY WHEREOF, Watergate Hotel Partners, L.P., a
ware limited partnership, has caused these presents to be
cuted by Forte Hotels Washington, Inc., a Delaware corporation
the general partner of said partnership; and said Forte Hotels
ington, Inc., as a partner in Watergate Hotel Partners, L.P.,
on this 19th day of April, 1990, caused this Agreement
be executed by Thomas D. Farrell, its Senior Vice President,
tested by Dwight Viner, its Asst. Secretary, and its corporate
al to be hereunto affixed, and does constitute and appoint
omas D. Farrell its true and lawful attorney-in-fact to acknow-
dge and deliver these presents as its act and deed.

IN TESTIMONY WHEREOF, Watergate Improvement Associates,
District of Columbia limited partnership, as Lessor, has caused
hese presents to be executed by Second Bouverie Properties, Inc.,
Delaware corporation and the general partner of said partnership;
nd said Second Bouverie Properties, Inc., as a partner in Water-
ate Improvement Associates, has on this 19th day of April,
990, caused this Agreement to be executed by James O. Boisi, its
President, attested by Mark E. Rose, its Secretary, and its corpo-
rate seal to be hereunto affixed, and does constitute and appoint

James O. Boisi its true and lawful attorney-in-fact to acknowl
and deliver these presents as its act and deed.

LESSEE:

WATERGATE IMPROVEMENT ASSOCIATES,
a District of Columbia limited
partnership

Attest:

By: Second Bouverie Properties, Inc.,
a Delaware corporation,
Its General Partner

Mark E. Rose,
Secretary

By _____
James O. Boisi, President

HOTEL LESSEE:

WATERGATE HOTEL PARTNERS, L.P.,
a Delaware limited partnership

Attest:

By: Forte Hotels Washington, Inc.,
a Delaware corporation,
Its General Partner

Asst. Sec't.

By _____
Thomas D. Farrell,
Senior Vice President and Secret

LESSOR:

WATERGATE IMPROVEMENT ASSOCIATES,
a District of Columbia limited
partnership

Attest:

By: Second Bouverie Properties, Inc.,
a Delaware corporation,
its General Partner

Mark E. Rose,
Secretary

By _____
James O. Boisi, President