

LEASE AGREEMENT
BETWEEN
POTOMAC PLACE SHOPPING CENTER
AND
MONTGOMERY COUNTY, MARYLAND
DATED: November 17, 1989

CONTENTS

Paragraph

1. Premises
2. Term
3. Rent
4. Consumer Price Index
5. Utilities
6. Use
7. Assignment & Subleasing
8. Property Damage & Liability Insurance
9. Improvements, Maintenance and Repairs
10. Good Order and Repair
11. Furniture & Fixtures
12. Liens
13. Signage
14. Sidewalks
15. Real Estate Taxes
16. Common Area Maintenance
17. All Risk, Liability and Rent Insurance
18. Administrative Fees
19. Glass Pane Replacement
20. Parking Areas
21. Default
22. Termination by Insolvency or other Default
23. Eminent Domain
24. Damage to Premises
25. Subordination; Attornment; Estoppel Certificate
26. Rules and Regulations
27. Surrender and Holding Over
28. Statutory Provisions
29. Notice of Defects
30. Access
31. Definition of Landlord; Landlord's Liability
32. Landlord not a Partner
33. Quiet Possession
34. General Provisions
35. Non-Discrimination
36. Appropriation
37. Contract Solicitation
38. Public Employment
39. Mailing Notices
40. Annual Reports by Tenant
41. Brokerage
42. Time is of the Essence
43. Survival of Obligations
44. Mitigation of Damages

Exhibit A - Leased Premises

LEASE AGREEMENT

THIS LEASE, made and executed this 17th day of November 1989, (the "Lease Execution Date") by and between POTOMAC PLACE LIMITED PARTNERSHIP, hereinafter referred to as "Landlord", and MONTGOMERY COUNTY, MARYLAND, a body politic and corporate, hereinafter referred to as "Tenant".

WITNESSETH:

That for and in consideration of the premises, the rents reserved and the agreements and covenants herein contained, Landlord and Tenant agree as follows:

1. PREMISES: Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord the premises described as Store Number 11, within the Potomac Place Shopping Center (hereinafter referred to as the "Building" or the "Shopping Center") located at 10132 River Road, Potomac, Maryland 20854, and comprising 2,618 square feet of space as outlined in red in Exhibit "A" attached hereto and made a part hereof, which space is hereinafter referred to as the "Leased Premises".

2. TERM: The term of this Lease shall be for a period of four (4) years and eleven (11) months commencing January 1, 1988 (the "Lease Commencement Date") and terminating at midnight on November 30, 1992.

A. RENEWAL OPTIONS

(1) The Landlord agrees that the Tenant shall have the right, at Tenant's sole option, to renew this Lease for two (2) additional periods of four (4) years and eleven (11) months. Tenant shall notify Landlord in writing of its intent to exercise these options at least One Hundred and eighty (180) days before the expiration of the lease terms: on or before May 30, 1992 if Tenant wishes to exercise the first of the two options; on or before April 30, 1997 if Tenant wishes to exercise the second of the two options. Each renewal term shall be upon the same terms, covenants and conditions as set forth herein, except that:

- (a) Minimum rent for the first year of the first option shall be six percent (6%) greater than the rent due for the previous twelve months. The minimum rent during the first option period shall thereafter be increased in the same manner as during the initial term.
- (b) Minimum rent for the first year of the second option shall be the then - prevailing fair market rent and shall be negotiated between the parties six (6) months prior to the expiration of the first option term along with a formula for annual escalation during years 2 through 5 of the second option term. In the event Landlord and Tenant shall not have agreed within thirty (30) days after Tenant's exercise of said second option to renew this Lease, on what constitutes prevailing market rate, then the prevailing market rate shall be determined by an independent third party acceptable to Landlord and Tenant, who shall be experienced in the real estate market in the Potomac, Montgomery County, Maryland area, and who shall render a decision within thirty (30) days of being selected. If the parties cannot agree upon mutually acceptable third party within thirty (30) days after the date of exercise of said option, then the then-prevailing market rate shall be determined by a committee of three (3) individuals, each of whom shall be unrelated to either Landlord or Tenant and shall be experienced in the real estate market in the Potomac, Montgomery County, Maryland area as follows: One such individual shall be chosen by Landlord, a second individual shall be chosen by Tenant and a third shall be chosen by the two individuals chosen aforesaid. If either party does not select an individual, within thirty (30) days of the date of the exercise of said option, then an individual will be selected for that party within an additional ten (10) days by the other party. Each individual shall make an independent determination within thirty (30) days of appointment and the fair market value shall be the average of the two (2) determinations closest in value. Expenses of these individuals shall be borne by the respective parties choosing said individual, except that the expense of the single individual (in the event the parties can agree upon a single individual) or the third individual (in the event of the three individual method) shall be borne one-half (1/2) by Landlord and one-half (1/2) by Tenant.

(2) Tenant's occupancy of the Leased Premises during the option periods shall be subject to the same terms and conditions as the present Lease Term. Notwithstanding anything else herein to the contrary, in no event shall the rental rate during either option period be less than that being paid by Tenant immediately prior to the effective date of the applicable option term.

3. RENT:

- (A) Tenant shall pay Base Rent to the Landlord in the annual amount of Ninety One Thousand Six Hundred Thirty Dollars (\$91,630.00) and the monthly amount of Seven Thousand Six Hundred Thirty Five Dollars and 83/100 (\$7,635.83).
- (B) All rent payments shall be made by the Tenant in advance, on or before the first day of each month, without set-off, deduction or demand therefor from the Landlord to and at the offices of the Landlord as hereinafter designated.
- (C) The rent commencement date shall coincide with the lease commencement date as set forth in Paragraph 2 herein. Landlord and Tenant acknowledge that Tenant has paid rent from the Lease Commencement Date until and including the Lease Execution Date in the amount of \$25 per square foot of space, or \$5,454.17 per month. Tenant agrees to pay to Landlord \$23,998.33 with the next payment of rent coming due under this Lease after the Lease Execution Date.
- (D) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any correspondence accompanying any check payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or such rent or pursue any other remedy provided in this Lease.

(E) Past Due Rent If Tenant shall fail to pay, when the same is due and payable, any Rent or any other amounts or charges described in this Lease as being payable by Tenant, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate which is the lesser of eighteen percent (18%) per annum or the maximum interest rate permitted by law.

4. CONSUMER PRICE INDEX: It is agreed between the parties that the annual rent payable by the Tenant shall be adjusted at the beginning of the second lease year, and every lease year thereafter, as determined by the application of the following formula:

To the annual rent payable by Tenant during the previous lease year shall be added that sum representing one hundred (100%) percent of the resulting amount, if any, after multiplying said annual rent payable during the previous lease year by a fraction, the numerator of which shall be the index now known as the "U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers, All Items (1982-1984 = 100)", for the month prior to the last month of the previous lease year and denominator of which shall be said index for the month prior to the last month of the lease year before that, and subtracting from such product the annual rent payable during the previous lease year.

Notwithstanding the application of the foregoing formula, the Adjusted Base Rent for each lease year shall be at least three percent (3%) more than the Base Rent payable during the preceding twelve months but shall not exceed the Base Rent payable during the preceding twelve months by more than six percent (6%). The resulting new Base Rent shall be payable in twelve equal installments on the first day of each month of the applicable year.

In the the event the CPI is discontinued, ceases to incorporate a significant number of the items now incorporated therein, or if a substantial change is made in such CPI, the parties hereto shall attempt to agree on an alternative formula and if agreement cannot be reached the matter shall be submitted to arbitration under the rules of the American Arbitration Society then in effect.

5. UTILITIES: Tenant shall be responsible for the direct payment as and when required to be made of all utility charges assessed against the individual meters installed within the Leased premises, including water, sewer, gas and electric charges, when and as the same become due. In the

event that any charge for any utility supplied to the Premises is not paid by Tenant to the utility supplier when due, then Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord being repaid by Tenant to Landlord, as Additional Rent, promptly upon demand.

6. USE: Tenant warrants and agrees that the Leased premises shall be used for the sale and storage of alcoholic beverages sold or to be sold at this location for off-premises consumption, and other bookkeeping and accounting functions related thereto, and for no other purpose whatsoever; and Tenant shall not use, nor permit said premises or any part thereof to be used for any disorderly or unlawful purpose.

7. ASSIGNMENT AND SUBLEASING: Tenant shall not transfer nor assign this agreement, nor let or sublet the whole or any part of the Leased Premises.

8. PROPERTY DAMAGE AND LIABILITY INSURANCE: Tenant shall obtain and maintain, during the full term of this agreement and any extension thereof, a policy of public liability insurance with limits of \$1,000,000.00 for injury or death of one person and \$2,000,000.00 per occurrence; and property damage insurance with a limit of FIFTY THOUSAND (\$50,000.00) DOLLARS. Tenant shall deliver to Landlord a certificate of insurance evidencing the coverage hereinabove described within thirty (30) days from execution of this agreement. Tenant is self-insured and provides workmen's compensation and all other insurance required by the Lease.

Tenant further agrees that all personal property in the Leased premises shall be and remain at Tenant's sole risk, and Landlord shall not be liable for any damage to or loss of such personal property arising out of the acts or omissions of the Tenant, Tenant's agents, servants and employees. Landlord shall only be liable for property damage caused by or through the negligent acts and omissions of the Landlord, the Landlord's agents, servants and employees.

Indemnification: Tenant hereby indemnifies and agrees to save harmless Landlord and any mortgagee of the Premises from and against any and all damages, claims, causes of action, suits and judgments which do not result from the negligence of Landlord and Landlord's mortgagees, partners, shareholders and employees and which (i) arise from or in connection with the possession, use or control of the Premises by Tenant or Tenant's concessionaires, licensees, guests, customers, agents, or employees, or (ii) arise from or in connection with the performance of, or the failure to perform, Tenant's work or alterations in or to the Premises, or (iii) arise from or are in connection with any

act or omission of Tenant or Tenant's agents, employees, invitees, licensees or customers, or (iv) result from any default, breach, violation or non-performance by Tenant of this Lease or of any provision hereof, or (v) result in injury to persons or property or loss of life sustained in, on or about the Premises leased to Tenant. Tenant shall, at its own cost and expense, defend any and all actions, suits and proceedings which may be brought against Landlord and Landlord's partners, shareholders, employees, and/or any mortgagee of the Premises with respect to the foregoing or in which they may be impleaded. Tenant shall pay, satisfy and discharge any and all judgments, orders and decrees which may be recovered against Landlord and/or any such mortgagee in connection with the foregoing.

Tenant shall not permit nor do anything which would increase the rate of fire insurance upon the Leased Premises. Should said fire insurance rate be increased by reason of Tenant's use of the premises, Tenant shall pay to Landlord the difference in the fire insurance premiums over and above that existing as of the date of these presents when and as same become due and payable.

9. IMPROVEMENTS, MAINTENANCE AND REPAIRS: The Leased Premises shall be delivered to Tenant in "as is" condition. Tenant shall be responsible, at its sole cost and expense, for the fabrication and installation of a new exterior sign in conformity with the specifications of Landlord's architect, and interior betterments and improvements (including trade fixtures, partitioning, ceiling, lights, ductwork, decorative finishes, and all electrical, mechanical, plumbing, and HVAC equipment) comparable in quality and appearance to those in Tenant's store at the Westwood Shopping Center on Westbard Avenue in Bethesda, Maryland. All interior signs and window displays shall be professionally designed. Completion of Tenant's improvements program is to occur within twelve months of the date of Lease execution. Tenant shall contribute \$400 per linear foot of storefront towards Landlord's renovation of said storefront upon completion of the storefront renovation work. Such payment shall be made by Tenant within thirty (30) days after written notification to Tenant by Landlord, if and when Landlord institutes a program of improvements to the shopping center and/or Building in which the Leased Premises is situated. Such payment by Tenant shall be considered additional rent under this Lease, and in the event of Tenant's failure to timely make such payment, Landlord shall have all of the remedies of Landlord hereunder in the event of Tenant's failure to timely pay rent.

During the term of this Lease and any extension thereof, Tenant will be responsible for all maintenance and replacement of signs, improvements and betterments. Any plan for the alteration or construction of interior walls and partitions, change in HVAC equipment or configuration, or changes in the electrical service shall first be submitted to Landlord for approval. Except for the exterior sign described above, Tenant shall not have the right to make any alterations to any exterior feature of the Building in which the Leased Premises are situated or any common areas serving the same.

10. GOOD ORDER AND REPAIR: Tenant agrees that the Leased Premises have been delivered to Tenant in good order and condition and covenants and agrees to maintain the Leased Premises including without limitation all equipment (HVAC, electrical, mechanical and plumbing) and fixtures located within the Leased Premises in good order, condition, repair and safe, and surrender the same at the expiration or other termination hereof in the same order and condition in which they were initially received from Landlord, usual wear and tear and damage by fire, storm, public enemies and any other risk with respect to which Tenant is not herein made expressly liable excepted. Such condition is to be verified by Landlord during a walk-through of the Leased Premises to occur within two (2) days of Lease expiration.

11. FURNITURE AND FIXTURES: Tenant shall have the privilege of installing any furniture and fixtures necessary in the conduct of Tenant's business, provided the Building structure or Building systems are not affected thereby, and the same shall remain the property of Tenant provided they be removed by Tenant before the expiration of this agreement or any renewal or extension thereof. In the event any damage is done to said premises in the installation or removal of said furniture and fixtures, Tenant will immediately make such repairs as are necessary to restore said premises to their original condition, or promptly reimburse the Landlord for the cost of such repairs.

12. LIENS: Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant.

13. SIGNAGE: Tenant shall place no signs, awnings or curtains on any part of the exterior of said premises, or in or on any show window, nor paint any brick or stone work, cornice work, mill work or iron work on the front of said premises without the written consent of Landlord or his Agent first had and obtained. Tenant may place professionally made decals on show windows with the consent of the Landlord who may not unreasonably withhold such consent. Any signs installed in or on the Leased premises by Tenant shall be maintained by the Tenant in good order and repair at all times.

14. SIDEWALKS Tenant shall maintain the sidewalks immediately abutting the Leased premises free from obstructions of all nature, properly swept and free of snow and ice.

15. REAL ESTATE TAXES: Landlord shall promptly pay during the term of this Lease all real estate taxes levied upon or assessed against the land or building of which the Leased premises are a part. Tenant's proportionate share of any real estate taxes is hereby determined to be 3.3 percent, according to the following formula:

$$\frac{2618 \text{ LEASED SQUARE FEET}}{78,254 \text{ SQUARE FEET IN BUILDING}} = .033$$

Landlord shall be required to provide annual documentation evidencing said real estate taxes, to include copies of paid tax bills. Tenant shall not be responsible for any charges assessed against Landlord in connection with late payment of tax bills, nor shall Tenant be liable for any increases in real estate taxes due to an expansion of the Building of which the Leased premises are a part.

16. COMMON AREA MAINTENANCE: Landlord shall operate and maintain all common facilities within the "Building" of which the premises are a part, said common facilities to include, without limitation, the common structural elements of the Building, the parking and delivery areas and sidewalks (subject to Tenant's obligations contained in paragraph 14 above). Tenant's proportionate share of the common facilities costs ("Operating Costs") is hereby determined to be 3.3 percent. "Operating Costs" shall include, without limitation, the total costs of operating, repairing, lighting, cleaning, maintaining, painting, securing, managing and insuring, (including liability insurance for personal injury, wrongful arrest or detainer, death and property damage; insurance and extended coverage against fire, theft, flood or other casualty; rent insurance; Worker's Compensation insurance; fidelity bonds for personnel; and plate glass insurance) the Shopping Center and paying all taxes, public charges and assessments of whatsoever nature directly or indirectly assessed or imposed upon the land, buildings, equipment and improvements constituting the Shopping Center and the rents therefrom including, but not limited to, all real property taxes, rates, duties and assessments (pursuant to paragraph 15 above), local improvement taxes, import charges or levies, whether general or special, that are levied, charged or assessed against the Shopping Center by any lawful taxing authority whether federal, state, county, municipal, school or otherwise (other than income, inheritance and franchise taxes thereon). Tenant shall pay for such Operating Costs as a separate charge in advance of the first day of each calendar month in an amount estimated

by the Landlord which amount shall be subject to annual adjustment to reflect the increasing (or decreasing) Operating Costs. Landlord shall be required to provide annual documentation of the cost of operating and maintaining the common facilities, including but not limited to copies of paid bills, and insurance binders.

17. ALL RISK, LIABILITY AND RENT INSURANCE: Landlord shall obtain and maintain, during the full term of this Lease or any extension thereof, a policy of all risk coverage, liability and rent insurance, respecting all Building improvements in the Shopping Center, payable for any insurance year during the term hereof. Tenant shall pay to Landlord Tenant's proportionate share of the premium cost for the above mentioned insurance policy in monthly payments together with payments for rent. Should it be determined that the Tenant's proportionate share of actual annual premium costs is less (or more) than Tenant's annual contribution, the Landlord shall reimburse the Tenant (or Tenant shall promptly pay the deficit to Landlord) accordingly. The monthly installments payable hereunder shall be adjusted annually to reflect actual expense. Landlord shall, from time to time and upon demand by Tenant, provide to Tenant documentation evidencing expenses incurred in connection with the acquisition of the above-mentioned policy.

18. Administrative Fees: In addition to the Tenant's pro-rata share of common area maintenance, real estate taxes and insurance for the shopping center, Tenant shall pay an administrative fee as follows:

- (1) original term - 30 cents a square foot or \$785.40 a year
- (2) first option - 38 cents a square foot or \$994.84 a year
- (3) second option - 49 cents a square foot or \$1282.82 a year

19. GLASS PANE REPLACEMENT: Tenant, at Tenant's sole cost and expense, agrees to promptly replace any window or door glass pane that is broken, chipped or cracked. Should the Tenant fail to effect a replacement within 48 hours, the Landlord may perform this work and the Tenant shall reimburse Landlord for the cost thereof, as additional rent.

20. PARKING AREAS: Landlord grants to Tenant during the term of this Lease the right of non-exclusive use, in common with others, of all automobile parking areas within the Center for the accommodation and parking of passenger automobiles of the Tenant, its officers, agents, employees and customers. Landlord makes no representation to Tenant that the parking areas contain parking spaces available for all such users at any given time.

Landlord (as a part of the common area maintenance) shall maintain all parking areas in a good state of repair throughout the term of this Lease and any extension thereof, and Landlord shall remove or treat snow and ice conditions in any parking areas, as it becomes necessary, as Landlord shall determine.

21. DEFAULT:

A. By Tenant: In the event that the rent, additional rent, or any other obligation involving the payment of money, or any installment thereof, shall remain unpaid after it becomes due and payable, within ten (10) days after written notice to the Tenant for same, or if Tenant or Tenant's assigns shall fail or neglect to keep and perform each and every one of the remainder of the terms of this Lease, and such failure or neglect continues for more than thirty (30) days (or such period as may reasonably be required to correct the default with exercise of due diligence), after written notice from the Landlord specifying the default, then at the option of the Landlord, the Tenant's right of possession shall thereupon end and the Landlord or Landlord's assigns may proceed to recover possession under the laws of the State of Maryland.

B. No default claimed by Tenant against Landlord shall be deemed complete unless at the time Landlord or Tenant seeks to take any action based upon such alleged default the same shall remain uncured.

C. In the event that proceedings shall at any time be commenced for recovery of possession as aforesaid and a compromise or settlement shall be effected either before or after judgment whereby Tenant shall be permitted to retain possession of said premises, then such proceedings shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or of this agreement.

22. TERMINATION BY INSOLVENCY OR OTHER DEFAULT: In the event of:

A. The filing of a petition by or against Tenant for adjudication of Tenant as a bankrupt under the Federal Bankruptcy Act as now or hereafter amended or supplemented, or for reorganization of Tenant within the meaning of Chapter X of the Bankruptcy Act, or for an arrangement within the meaning of Chapter XI of the Bankruptcy Act, or the filing of any petition by or against Tenant under any future bankruptcy act for the same or similar relief;

B. The dissolution, or liquidation of Tenant, or the appointing of a receiver or trustee of a substantial portion of the property of Tenant, whether instituted by or against Tenant;

C. The taking possession of the property of Tenant by any governmental officer or agency pursuant to statutory authority for the dissolution or liquidation of Tenant;

D. Any uncured event of default by the Tenant pursuant to paragraph 21; or

In the event of any other uncured default or breach by Tenant, Landlord may at any time thereafter, in its sole discretion, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

(1) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises; reasonable attorney's fees; and the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and adjustments called for herein for the balance of the term after the time of such award exceeds the amount of such loss for the same period. Unpaid installments of rent or other sums shall bear interest from the date due at the maximum legal rate; or

(2) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and any other charges and adjustments as may become due hereunder; or

(3) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State in which the Premises are located.

23. EMINENT DOMAIN: If during the term of this Lease the entire Premises, or such part thereof as to render the remainder of the Premises unsuitable for use by Tenant in its business, are taken by governmental or quasi-governmental authority (other than Montgomery County) by exercise of the power of eminent domain, this lease shall terminate by reason of such taking at the time possession must be surrendered to such authority. Prepaid or unearned rent shall be adjusted between the parties as of such date, and the balance of the rent owed for the remainder of the term hereunder shall abate in its entirety.

In the event that only such portion of the Premises is acquired by such authority then Landlord shall have the right to elect, in its sole discretion, either (a) to terminate this Lease, or (b) assuming the remainder of the Premises, after alterations and repairs, will be in a condition suitable for use by Tenant in its business, not to terminate this Lease, in which event rental payments from the date of such acquisition to the end of the term hereof shall be reduced in proportion to the resulting loss of use (by square footage lost) of the Premises by Tenant. In the event of such partial acquisition and reduction in rent, if Landlord has not elected to terminate this Lease, Landlord agrees to make promptly, (upon receipt of its condemnation award) at its sole cost and expense, all necessary alterations and repairs which shall be required to restore the Premises to a safe and usable condition (but without regard to any of Tenant's improvements). In the event of such partial acquisition of the Premises, the determination of whether the remainder of the Premises is suitable for use by Tenant in its business shall be made by Tenant, acting in its reasonable judgment, by written notice to Landlord within twenty (20) days of the taking.

The rights of Landlord as set forth herein shall in no way prejudice or interfere with any claim which Tenant may have against the authority exercising the power of eminent domain for damages or otherwise for the taking or destruction of, or interference with, the leasehold interest and the business of Tenant in the Premises.

For purposes of this Paragraph, acquisition of all or part of the Premises by governmental or quasi-governmental authority by means of voluntary negotiations and contract shall be deemed to be acquisition by exercise of the power of eminent domain.

All compensation awarded upon exercise of the power of eminent domain shall belong to Landlord, provided, however, that the Landlord shall not be entitled to any portion of the award made to Tenant for loss of business and for the cost of removal of stock and fixtures belonging to Tenant.

24. DAMAGE TO PREMISES: If the Leased Premises shall be damaged by fire or other insured casualty, not due to Tenant's negligence, but are not thereby rendered untenable in whole or in part, as Landlord shall determine in its sole discretion, Landlord shall promptly at its own expense cause such damage to be repaired, and the minimum rent shall not be abated. If by reason of any such occurrence, the Leased Premises shall be rendered untenable only in part, Landlord shall promptly (upon receipt of insurance proceeds) at its own expense cause the damage to be repaired, and the minimum rent meanwhile shall be abated proportionately as to the portion of the Leased Premises rendered untenable. If the Leased Premises shall be rendered wholly untenable by reason of such occurrence, the Landlord shall promptly (upon receipt of insurance proceeds) at its own expense cause such damage to be repaired and the minimum rent meanwhile shall be abated in whole, provided however, that Landlord shall have the right, to be exercised by notice in writing delivered to Tenant within ninety (90) days from and after said occurrence, to elect not to reconstruct the destroyed premises, and in such event this Lease and the tenancy hereby created shall cease as of the date of the said occurrence, the rent to be adjusted as of such date.

25. SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATE:

- A. Subordination: Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust currently existing or that may hereafter be placed upon the leased premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacement and extensions thereof, provided the mortgagee or trustee named in said mortgages or deeds of trust shall agree to recognize this Lease in the event of foreclosure, provided Tenant is not in default. In the event of any mortgagee or trustee electing to have the lease a prior lien to its mortgage or deed of trust, then and in such event, upon such mortgagee or trustee notifying Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether or not this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust.

- B. Attornment: If at any time prior to the termination of this Lease, any senior interest holder or any other person or the successors or assigns of the foregoing (collectively, the "Successor Landlord") shall succeed to the rights of Landlord under this Lease, Tenant agrees, at the election and upon request of any such Successor Landlord, to fully and completely attorn to and recognize any such Successor Landlord as Tenant's landlord under this Lease upon executory terms of this Lease.

Said attornment shall be effective and self-operative, without the execution of any further instruments on the part of any of the parties hereto, immediately upon the Successor Landlord, or such other designated party, succeeding to the interest of Landlord under the Lease, but Tenant agrees to execute any further instruments or documents to effectuate or confirm such attornment if requested by the holder, purchaser or Successor Landlord. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such Successor Landlord and Tenant upon all of the then executory terms of this Lease except that such Successor Landlord shall not (i) be liable for any act of any prior Landlord under the Lease, (ii) be subject to any claims or defenses which Tenant might otherwise have with respect to any such prior Landlord, (iii) be bound by any rent which Tenant might have paid for more than the current month to any prior landlord without the express written consent of Successor Landlord, (iv) be bound by an amendment or modification of the Lease made after the date hereof without the express written consent of the Successor Landlord, or (v) be subject to any obligation with respect to any security deposit under the Lease unless such deposit has been physically delivered to Successor Landlord.

- C. Estoppel Certificate: Within ten (10) days after request therefor by Landlord, or in the event that upon any sale, assignment or hypothecation of the Premises and/or the land thereunder by Landlord an estoppel certificate shall be required from Tenant, Tenant agrees to deliver in recordable form, a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as

modified, and stating the modifications), that there are no defenses or offsets thereto (or stating those claimed by Tenant), the dates to which rent and other charges have been paid, that Tenant has taken possession of the Premises and unconditionally accepts the same, that neither Landlord nor Tenant are in default in the performance of the terms and provisions of the Lease, nor is there now any fact or condition of which with notice or lapse of time or both will become such a default, and that the build-out of improvements to the Premises required under the Lease to be performed by Landlord has been fully and satisfactorily completed. In addition, Tenant shall provide such other reasonable information requested by Landlord concerning this Lease in such estoppel certificate.

- D. Notices to Mortgagee or Successor Landlord: If any act or omission by Landlord would give Tenant the right, immediately or after lapse of time, to cancel or terminate this Lease or to claim a partial or total eviction, Tenant will not exercise any such right until (i) it has given written notice of such act or omission to each mortgagee and each Successor Landlord, whose name and address shall have previously been furnished to Tenant, by delivering notice of such act or omission addressed to each such party at its last address so furnished and (ii) a reasonable period for remedying such act or omission shall have elapsed following such giving of notice provided such senior interest holder shall, with reasonable diligence, give Tenant notice of its intention to remedy such act or omission and shall commence and continue to act upon such intention. Landlord hereby notifies Tenant that the present mortgagee is Massachusetts Mutual Life Insurance Company ("Mass Mutual") and the forementioned notices to mortgagee shall be delivered pursuant to the terms of Section 17.06 hereof to Mass Mutual, Real Estate Investment Division, 1295 State Street, Springfield, Massachusetts 01111.

26. RULES AND REGULATIONS: Tenant agrees to abide by any reasonable rules and regulations that may from time to time be established by Landlord.

27. SURF TENER AND HOLDING OVER: If Tenant remains in possession of the Premises or any part thereof after the expiration of the Lease or any extension thereof with the express written consent of Landlord, such occupancy shall be a tenancy from month to month upon all the terms hereof applicable to a month to month tenancy. If Tenant holds over at the end of the term without Landlord's written consent, which shall not be unreasonably withheld, Tenant shall pay Landlord as liquidated damages, a sum equal to one and one half times the rent to be paid by Tenant to Landlord for all the time Tenant shall so retain possession of the Premises plus any reasonable costs associated with such holdover; provided that Tenant shall be deemed a tenant at sufferance and the exercise of Landlord's rights under this clause shall not be interpreted as a grant of permission to Tenant to continue in possession.

28. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the parties hereto that Landlord and Tenant, as their interests may appear and at their respective expense, shall promptly comply with, observe and perform all of the requirements of all the statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government or Montgomery County Fire Marshal's Office.

29. NOTICE OF DEFECTS: Tenant agrees to give Landlord prompt notice of any defects or breakage in the structure, equipment or fixtures of said premises.

30. ACCESS: Tenant agrees to allow Landlord or Landlord's agent to have access to said premises at any time for the purpose of inspection, or to show prospective purchasers, lenders, partners or tenants, or in the event of fire or other property damage, or for the purpose of making any repairs Landlord considers necessary or desirable. The Landlord shall provide the Tenant with reasonable notice of such access and shall not be in default of this Lease based upon access in case of emergency.

31. DEFINITION OF "LANDLORD"/LANDLORD'S LIABILITY: The term "Landlord" as used in this Lease means only the owner or the mortgagee in possession as owner for the time being of the land and building or the owner of the Lease of the building or of the land and building of which the premises form a part so that in the event of any sale or sales of said land and building or of said Lease, or in the event of a Lease of said building, or of the land and building, said Landlord shall be and

hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser at any such sale or the leasing of the building or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder. Landlord's liability hereunder shall be limited solely to Landlord's interest in the Shopping Center.

32. LANDLORD NOT A PARTNER: It is expressly understood that the Landlord shall not be construed or held to be a partner or associate of the Tenant in the conduct of Tenant's business; it being expressly understood that the relationship between the parties hereto is and shall remain at all times that of Landlord and Tenant.

33. QUIET POSSESSION: It is further understood and agreed, that subject to the terms of this Lease, Tenant may peacefully hold and enjoy the said premises through the duration of this Lease without any interruptions by the Landlord, his heirs or assigns or any person lawfully claiming through him.

34. GENERAL PROVISIONS: It is further understood and agreed, that this instrument contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing executed by the parties hereto, and that the conditions and agreements herein are binding on, and may be legally enforced by the parties hereto, their heirs, executors, administrators, successors and assigns, (subject to paragraph 7) respectively, and that no waiver of any breach of any condition or agreement contained herein shall be construed to be a waiver of that condition or agreement or of any subsequent breach thereof, or of this agreement. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number in any place herein, in which the context may require such substitution.

35. NON-DISCRIMINATION: Landlord agrees to abide by the provisions of Executive Regulation No. 9-75 (re: Non-Discrimination in Employment in County Contracts) adopted July 7, 1977, and as set forth in Section 11B-3, Chapter 27 of the Montgomery County Code 1984, as amended.

36. APPROPRIATION: This Lease shall terminate automatically on not less than 180 days prior written notice by Tenant to Landlord that the County has failed to make an appropriation of funds to pay the rent herein stated. The Tenant shall not make or be entitled to any claim for reimbursement of any kind, either for improvements or prepaid items.

37. CONTRACT SOLICITATION: Landlord represents that it has not retained anyone to solicit or secure this Lease from Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established commercial, selling or leasing agencies maintained by the Landlord for the purpose of securing business or an attorney rendering professional legal service consistent with applicable canons of ethics.

38. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Section 11B-46 or 11B-54 of the Montgomery County Code 1984, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

39. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail. Notices to the respective parties shall be addressed as follows:

LANDLORD:

POTOMAC PLACE LIMITED PARTNERSHIP
c/o Sigal/Zuckerman Management, Inc.
Two Wisconsin Circle
Suite 800
Chevy Chase, MD 20815

TENANT:

Montgomery County Government
Dept. of Facilities & Services
110 North Washington Street
Rockville, Maryland 20850

With a copy to:

Philip M. Horowitz, Esquire
Melrod, Redman & Gartlan
1801 K Street, N.W.
Suite 1100K
Washington, D.C. 20006

40. ANNUAL REPORTS BY TENANT: Tenant shall submit to Landlord on or before the sixtieth (60th) day following the expiration of each lease year during the Lease Term at the place then fixed for the payment of rent, a written statement signed by Tenant, and certified by it to be true and correct, showing in reasonably accurate detail satisfactory in scope to Landlord the amount of gross receipts during the preceding Lease Year.

41. BROKERAGE: Landlord and Tenant warrant and represent that there was no broker or agent acting on either Landlord's or Tenant's behalf in consummating this Lease, and that no conversations or prior negotiations were had by Tenant with any broker or agent on Tenant's behalf concerning the renting of the Premises. Landlord and Tenant agree to indemnify and hold harmless each other against any claims for brokerage or other commissions arising by reason of breach by either party of the aforesaid representation and warranty.

42. TIME IS OF THE ESSENCE: Time is of the essence of this Agreement.

43. SURVIVAL OF OBLIGATIONS: The provisions of this Lease with respect to any obligation of Tenant to pay any sum owing in order to perform any act after the expiration or other termination of this Lease shall survive the expiration or other termination of this Lease.

44. MITIGATION OF DAMAGES: Both Landlord and Tenant agree that in the event of a breach of any base provision that would allow damages, the party seeking such damages must make all reasonable efforts to mitigate the damages sustained by such breach.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed.

WITNESS:

LANDLORD:
POTOMAC PLACE LIMITED PARTNERSHIP

By: Dorothy Wright

By: POTOMAC SHOPPING CENTER, INC.

By: [Signature]
Shelton Zuckerman
President

Date: 11-8-89

WITNESS:

TENANT:
MONTGOMERY COUNTY, MARYLAND

By: Kathy Barbo

By: Alastair McArthur
Alastair McArthur, Assistant
Chief Administrative Officer

Date: 11/17/89

APPROVED AS TO FORM & LEGALITY:
OFFICE OF COUNTY ATTORNEY

RECOMMENDED:

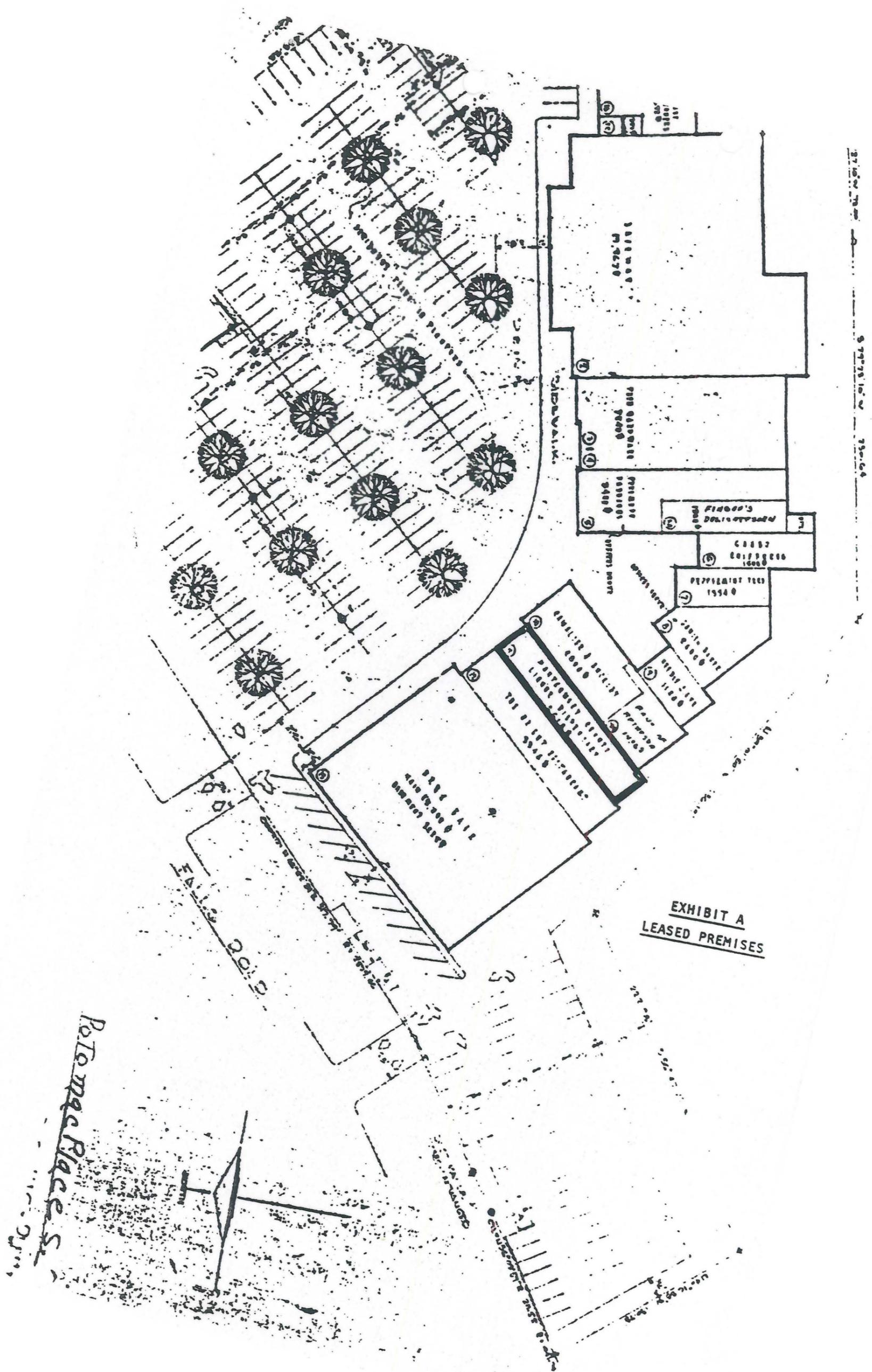
By: [Signature]

By: Gloria W. Kratz
Gloria W. Kratz, Chief
Real Estate Management

Date: November 15, 1989

DATE: 11-15-89

2253G



**EXHIBIT A
LEASED PREMISES**

POTOMAC PLACE S.E.

EXHIBIT A

37-0000 2000 25-0000

2