

LEASE AGREEMENT

BETWEEN

WASHINGTON REAL ESTATE INVESTMENT TRUST

AND

MONTGOMERY COUNTY, MARYLAND

DATED: 9/17/04

TABLE OF CONTENTS

1. Premises
 2. Term
 3. Rent
 4. Real Estate Taxes
 5. Parking
 6. Use
 7. Property Damage and Liability Insurance
 8. Access
 9. Services
 10. HVAC System
 11. Alterations
 12. Notice of Defects
 13. Assignment and Subleasing
 14. County's Covenants
 15. Destruction of Premises
 16. Delivery of Premises
 17. Default
 18. Holdover
 19. Quiet Possession
 20. Statutory Provisions
 21. Waiver
 22. Non-Discrimination
 23. Non-Appropriation
 24. Contract Solicitation
 25. Public Employment
 26. Condemnation
 27. General Provisions
 28. Subordination
 29. Benefit and Burden
 30. Waiver of Jury Trial
 31. Signage
 32. Mail Notices
- Exhibit A- Leased Premises
Exhibit B- Tenant Improvement Plan Specification
Exhibit C- Tenant Estoppel

LEASE AGREEMENT

THIS AGREEMENT, entered into this 17th day of Sept., 2004 by and between the WASHINGTON REAL ESTATE INVESTMENT TRUST, having an address of 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852, (hereinafter referred to as "Landlord") and MONTGOMERY COUNTY, MARYLAND, (hereinafter referred to as "the County"). (The Landlord and the County together the "Parties")

WITNESSETH:

In consideration of the rent hereinafter reserved, and the covenants hereinafter contained, the Parties hereto mutually agree as follows:

1. PREMISES: Landlord does hereby lease and demise unto the County and the County hereby leases from the Landlord the premises described as Suite 1700, comprising 7,517square feet of space on the seventeenth floor of the building, located at 51 Monroe Street, Rockville, Maryland 20850, as outlined in red on "Exhibit A" attached hereto and made a part hereof. The Landlord at Landlord's sole cost and expense, shall perform interior tenant improvements in accordance with the interior plan and Tenant Improvement Specification attached hereto and made part hereof as "Exhibit B".

2. TERM: The term of this Lease shall be five (5) years, zero (0) months, commencing on the date the Landlord delivers possession of the premises to the County. It is presently anticipated that the Premises will be delivered to the County 120 days from Lease execution.

3. RENT: The County shall pay or cause to be paid to the Landlord the annual and monthly amounts listed in the following schedule:

	<u>Annual</u>	<u>Monthly</u>
Year 1	\$184,166.50	\$15,347.21
Year 2	\$189,691.49	\$15,807.62
Year 3	\$195,382.23	\$16,281.85
Year 4	\$201,243.69	\$16,770.30
Year 5	\$207,281.00	\$17,273.41

All payments are to be made in advance of the first day of each month, during each lease year, and shall be payable to WASHINGTON REAL ESTATE INVESTMENT TRUST, 6110 Executive Boulevard, Suite 800 , Rockville, Maryland 20850.

4. REAL ESTATE TAXES:

A. Commencing with the first Calendar Year following the Base year and every Calendar Year thereafter, Landlord will forward to the County a statement and copies of paid tax receipts setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the Property of which the Leased premises are a part. The County shall pay, as additional rent, upon receipt of the Landlord's statement and receipts, but in no event more than thirty (30) days after receipt of Landlord's statement and receipts, any increase in the said Real Estate Taxes over the Real Estate Taxes assessed against the Property of which the Leased Premises are a part during the "Base Year." The Base Year is defined to be the period from July 1, 2004 through June 30, 2005. The Landlord's statement must contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required.

B. The term "Real Estate Taxes" means the County's proportionate share of property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the Property as defined below. If the system of real estate taxation is altered or varied or any new tax or levy is levied or imposed by an appropriate taxing authority, the new tax or levy will be included within the term "Real Estate Taxes."

C. The County shall pay to the Landlord said increased taxes as additional rent for the County's proportionate share of the building, which share is determined to be ~~3.44%~~^{3.62%} within thirty (30) days after receipt of Landlord's statement. The County proportionate share is computed as follows:

$$\begin{array}{r} 7,517 \text{ square feet leased} \\ \hline 207,879 \text{ building square feet} \end{array} = 3.62\%$$

5. PARKING: Landlord grants to County, during the full term of this lease, the full use of up to twelve (12) parking spaces at the rate of \$70.00 per month charged by the Landlord.

6. USE: The County covenants and agrees that said premises shall be used and occupied by the Montgomery County Government as general government offices, and for no other purposes. The County shall have the right to occupy and use the premises 24 hours a day, seven days a week.

7. PROPERTY DAMAGE AND LIABILITY INSURANCE:

- A. County shall have the right to self-insure. The County is a member of the Montgomery County Self-Insurance Program; Article 20-37 of Montgomery County Code restricts the legal defense fund to members of the Fund and does not allow for outside entities. The certificate of insurance evidences limits of insurability for general liability coverage in the amounts of \$500,000 aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$10,000 for property damage for automobile liability and State of Maryland statutory limits for worker's compensation. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act Maryland Annotated Code 1994, as amended. This insurance policy must be maintained continuously by the County during the full term of this contract and during any extension of the contract term. County and the Landlord hereby waive any right of subrogation against the other to the extent that the liability arises from a cause covered by the insurance and only to the extent of the insurance proceeds recovered, and provided that the Parties' insurance policies permit such a waiver.
- B. County agrees that it will not keep in or upon the Leased Premises any article, which may be prohibited by the standard form of fire or hazard insurance policy. In the event County's articles causes any increase in the insurance premiums for the Leased Premises or any part thereof, County shall pay the additional premiums as they become due. County has the right to review the Landlord's policy (ies) premium and rates.

C. The County agrees to hold harmless and hereby indemnifies Landlord, and Managing Agent, from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence, or occasioned wholly by any act or omission of County or its employees at or upon the Premises, or the occupancy or use by County, of the Leased Premises or any part thereof, or the County's use of the exterior areas designated by Landlord for the comfort and convenience of County. This indemnification is subject to the liability and damage caps stated in the Local Government Tort Claims Act in the Maryland Annotated Code 1994 as amended and as amended from time to time. This indemnification shall not be considered to be a waiver of governmental immunity and is not intended to create any rights or causes of action in third Parties. The County shall not, however, be liable for damage or injury occasioned by the acts or omissions of Landlord or its agents, or Landlord's failure to comply with its obligations hereunder.

D. Landlord agrees to hold harmless and hereby indemnifies County, from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence upon or at the Leased Premises, or the occupancy or use by Landlord of the Leased Premises or any part thereof, or the Landlord's use of the exterior areas provided for County for the comfort and convenience of the Landlord, or occasioned wholly or in part by any act or omission of Landlord, its agents, contractors, or employees, excepting claims arising out of the acts or omissions of the County, the County's agents, and employees.

E. The County shall deliver to Landlord a certificate of insurance evidencing the coverage hereinabove described within fifteen (15) days from execution of this Agreement. The County reserves the right to self-insure.

8. ACCESS: County will allow Landlord or Landlord's agents to have access to the Leased Premises upon reasonable notice, except in the event of emergency to County and at all reasonable times for the purpose of inspection or in the event of fire or other property damage, or for the purpose of performing any maintenance and repairs Landlord may consider necessary or desirable; or for the Landlord to show the Leased Premises to prospective Tenants during the 12 months preceding expiration of the Lease term and to prospective purchasers and mortgagees at all reasonable times upon reasonable notice to County; provided, however, Landlord shall not interfere with the County's use of the Leased Premises. Landlord shall provide controlled access to the front and rear entrances to the building, and at least one elevator after normal full service building hours.

9. SERVICES: Landlord, at Landlord's expense, shall provide full service maintenance including but not limited to all utilities for normal office use, maintenance and repairs, trash removal and pest control within the Leased Premises. Landlord, at Landlord's expense, shall provide janitorial services within the Leased Premises, after 5:00 P.M., Monday through Friday. Landlord shall be responsible for cleaning the common area and the outside building areas including sidewalks, walkways, and pavement areas, keeping same free and clear of snow and ice. The Landlord shall also provide trash receptacles in the building and an area for recycling. The Landlord shall also make all necessary maintenance, repairs and replacements to all roof water protection, including the roof, flashing, gutters, downspouts, and roof drains, all exterior walls, interior columns, windows, interior concrete slabs, and the foundation.

A. Maintenance and Repairs – Emergencies: In the event Landlord fails to provide emergency maintenance and repair with dispatch and due diligence appropriate to the condition after notice from the County, then

County shall have the right but not the obligation to correct these problems and be reimbursed the reasonable cost thereof by Landlord.

B. Maintenance and Repairs – Routine: In the event Landlord fails to correct routine maintenance and repair problems in the Leased Premises within 10 days after notification of same by the County, County shall have the right but not the obligation to correct these problems, and be reimbursed the reasonable cost thereof by Landlord.

If Landlord, at any time during the Lease Term, shall default in any material respect the performance or observance of any obligation on Landlord's part to be performed or observed pursuant to Articles 10, 11 and 12 of the Lease, and shall not cure such default within thirty (30) days after receipt of written notice thereof from County (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), then, provided County is not then in default under the Lease, beyond applicable notice and grace periods, County may, at its option, but is under no obligation to so act, cure such default, and Landlord agrees to reimburse County the amounts reasonably incurred by County in so doing within a reasonable period of time agreed to by both County and Landlord; provided that County shall not undertake maintenance, repairs and/or replacements to any structural element of the Building or the roof thereof or to any Building service equipment or system which serves or may affect any space in the Building other than the Leased Premises. Notwithstanding the foregoing, in no event shall County be entitled to set-off or deduct any amounts incurred by County hereunder against the Annual Base Rent due under the Lease. A default of performance or observation of any obligation under Paragraphs 9, 10, 11, and 12 of the Lease if not cured as provided above can, at the option of County and after notice is given, be considered a default of the

Lease and County shall have those rights prescribed under Paragraph 18 below.

10. HVAC: Landlord agrees to maintain, repair or replace the existing heating, ventilation and air conditioning system. The air conditioning shall be so balanced as to provide a temperature range between 72 and 78 degrees. The heating shall be so balanced as to provide a temperature range between 68 and 72 degrees. Landlord shall, during emergencies, change these temperature guidelines in accordance with Federal, State and local requirements. Landlord agrees to provide heating and air conditioning to the Leased Premises during those seasons of the year when such services are required, from 8:00 am until 6:00 pm, Monday through Friday and from 8:00 am until 1:00 pm on Saturdays, exclusive of legal County, State or Federal holidays.

11. ALTERATIONS, ADDITIONS AND IMPROVEMENTS:

A. County will not make any alterations, additions, or improvements of any kind to the Leased Premises without the Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. County shall provide Landlord with plans and specifications of said work. County agrees to reimburse Landlord for all costs incurred by Landlord in reviewing County's proposed changes or additions and improvements and provided further that, in order to protect the functional integrity of the Building, Landlord shall have the right to approve County's contractor, and such approval shall not be unreasonably withheld, conditioned or delayed. Upon receipt of Landlord's written approval of the County's plans and specifications, County may proceed to perform the work at County's expense, or at County's option, County may request that Landlord perform said work at County's expense and at negotiated prices. County shall pay for any work performed by Landlord on County's behalf after inspection by County and within thirty (30) days from the submission of an invoice by Landlord for work reasonably approved by County, as additional rent hereunder.

- B. All alterations, additions, or improvements made by either of the Parties upon the Leased Premises shall become the property of the Landlord and shall remain upon and be surrendered with the Leased Premises upon the termination of this Lease unless Landlord requires County to remove such property at the time Landlord approves installation of such improvements. County shall, with Landlord's written consent, which shall not be unreasonably withheld, have the right to install any furniture or office machinery necessary in the conduct of its business within the Leased Premises, and the same shall remain the property of the County, and shall be removed by County upon the termination of this Lease.
- C. Landlord will not approve any construction, alterations or additions requiring unusual expense to readapt the Leased Premises to normal office use upon Lease termination or increase the cost of construction, insurance or taxes on the Building or of Landlord's services called for by this Lease unless County first gives assurances acceptable to Landlord that such re-adaptation will be made prior to Lease termination without expense to Landlord and makes provisions acceptable to Landlord for payment of such increased cost. All changes and additions shall be part of the Building except such items as by writing at the time of approval the Parties agree shall be removed by County upon termination of this Lease.

12. NOTICE OF DEFECTS: County shall provide Landlord with prompt notice of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises, or notice of need for repairs in the roof, plumbing, electric and heating systems, to be remedied by Landlord in accordance with the terms of this Lease.

13. ASSIGNMENT AND SUBLEASING: County shall not have the right to transfer possession or occupancy of the Leased Premises, nor sublet or assign this Lease to any person or persons without the prior written consent of the Landlord. Landlord's consent shall not

be unreasonably or unduly withheld, conditioned or delayed. County agrees not to market or advertise the Leased Premises for sublet or this Lease for assignment without the prior written consent of Landlord as to all advertising, marketing and promotional materials. In the event that any assignee or subtenant pays to County any amounts in excess of the Annual Base Rent and additional rent then payable hereunder, or pro rata portion thereof on a square footage basis for any portion of the Leased Premises, County shall promptly pay 50% of such excess to Landlord as and when received by County. If County requests Landlord's consent to assign this Lease or sublet more than 50% of the Premises, Landlord shall have the option, exercisable by written notice to County given within 10 days after receipt of such request, to terminate this Lease as of a date specified in such notice which shall be not less than 30 or more than 60 days after the date of such notice. Any such assignment or subleasing shall not relieve County from obtaining the consent in writing of Landlord to any further assignment or subleasing.

14. COUNTY'S COVENANTS: County covenants and agrees:

- A. To pay the rent as provided in the lease to Landlord and until the Lease expiration date or until possession is redelivered to Landlord, if this occurs after the Lease expiration date.
- B. Not to strip or overload, damage or deface the Leased Premises or hallways, stairways, elevators or other approaches thereto.
- C. Not to suffer or permit any trade or occupation to be carried on or use made of the Leased Premises which shall be unlawful, noisy, offensive or injurious to any person or property, or such as to increase the danger of fire or make void or voidable any insurance on said Building, in Landlord's concern to maintain the first-class business (non-medical, non-lab) nature of the Building.
- D. Not to move any furniture or equipment into or out of the Leased Premises without Landlord's consent thereto, which consent shall not be unreasonably withheld, conditioned or delayed.

- E. Not to place upon the interior or exterior of the Building or any window or other part thereof or door of the Leased Premises any placard, sign, covering or drapes, except such and in such place as shall have been first approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. To remove, at County's expense, any changes, additions, signs, curtains, blinds, shades, awnings, aerials, flag poles, or the like not consented to in writing.
- F. To conform to all rules and regulations from time to time established by appropriate insurance rating organizations, and to all reasonable rules and regulations from time to time established by Landlord.
- G. To keep the Leased Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any use made by County and to procure all licenses and permits so required because of such use and, if requested by Landlord, to do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way County's Permitted Uses.
- H. To keep all of County's employees working in the Leased Premises covered by worker's compensation insurance in statutory amounts and to furnish Landlord with a current certificate thereof. County reserves the right to self-insure.

15. DESTRUCTION OF PREMISES: In the event of damage or destruction of the Leased Premises by fire or any other casualty, this Lease shall not be terminated, but the Leased Premises shall be promptly and fully repaired and restored as the case may be by the Landlord to the extent of Landlord's insurance proceeds provided such repair and or restoration returns the Leased Premises to substantially the condition prior to such damage or destruction. Due

allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, national emergencies and other conditions beyond the control of the Landlord. It is agreed that in the event of damage or destruction, this Lease shall continue in full force and effect, except for abatement of rent as provided herein. If the condition is such as to make the entire Leased Premises "Untenantable", then the rental which the County is obligated to pay hereunder shall abate as of the date of the occurrence until the Leased Premises have been fully restored by the Landlord. Any unpaid or prepaid rent for the month in which said condition occurs shall be prorated and credited or paid to the appropriate party. If the Leased Premises are partially damaged or destroyed, then during the period that County is deprived of the use of the damaged portion of said Leased Premises, County shall be required to pay rental prorated to reflect that portion of the Leased Premises which continues to be "Tenantable" and appropriate for County's use. Landlord will proceed at its expense and as expeditiously as may be practicable to repair the damage. Notwithstanding any of the foregoing, in the event of substantial damage or destruction, and Landlord should decide not to repair or restore the Leased Premises or the building, in which event and at Landlord's sole option, Landlord may terminate this Lease forthwith, by giving County a written notice of its intention to terminate within sixty (60) days after the date of the casualty. No compensation, or claim, or diminution of rent other than as described above will be allowed or paid, by Landlord, by reason of inconvenience, annoyance, or injury to business, arising from the necessity of repairing the Leased Premises or any portion of the Building of which they are a part.

16. DELIVERY OF THE PREMISES: County covenants at the expiration or other termination of this Lease, to remove all goods and effects from the Leased Premises not the property of Landlord, and to yield to Landlord the Leased Premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to County), in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk for which County is not herein expressly made liable excepted.

17. DEFAULT:

- A. By County: In the event that rent, or any installment thereof, shall remain unpaid after it becomes due and payable, for ten (10) days after written notice to the County for same, or if County or County's assigns shall fail or neglect to keep and perform each and every one 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 to County from the Landlord specifying the default, then at the option of the Landlord, the Landlord and his assigns may proceed to recover possession under the laws of the State of Maryland. Landlord may also pursue any rights and remedies available for such default under the laws of the State of Maryland.
- B. By Landlord: In the event that the Landlord or his assigns shall fail or neglect to keep and perform each and every one of the covenants, conditions, and agreements contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as either otherwise provided herein on as may reasonably be required to correct the default with exercise of due diligence) after written notice from the County or his assigns specifying the default, then the County or his assigns, at County's option, may pursue any and all legal remedies available. It is understood, however, that Landlord shall be entitled to notice, hearing and opportunity to cure or contest any claimed violations of the foregoing as to the full extent provided by federal, state or local law.
- C. No default as hereinbefore provided shall be deemed complete unless at the time Landlord or County seeks to take any action based upon such alleged default the same shall remain uncured by the defaulting party.

18. HOLDOVER: If County shall hold possession of the Leased Premises after the expiration or termination of this Lease, at Landlord's option (i) County shall be deemed to be occupying the Leased Premises as a Tenant from month to month, not to exceed a period of 6 months during which time either party may terminate this Lease on thirty (30) days written notice, and will be otherwise subject to all of the terms and conditions of this Lease, or (ii) Landlord may exercise any other remedies it has under this Lease or at law in equity including an action for holding over after the date stipulated in Landlord's notice above.

19. QUIET POSSESSION: Contingent on the performance of all covenants, conditions and agreements herein contained to be performed on County's part, County shall at all times during the term of this lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes herein cited.

20. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the Parties that the Landlord and County, as their interests may appear and at their respective expense, will promptly comply with, observe and perform all of the requirements of all applicable Federal, State, County and Local statutes, ordinances, rules, orders and regulations in effect during the Lease Term.

21. WAIVER: The waiver at any time by the Landlord or County of any particular covenant or condition of this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of any character whatsoever.

22. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Landlord assures the County that in accordance with applicable law; it does not, and agrees that it will not

discriminate in any manner on the basis of race, color, religious creed, sex, martial status, national origin, ancestry, disability, sexual orientation or genetic status.

23. NON-APPROPRIATION: This Lease is subject to the appropriation of funds. If funds are not appropriated, for any reason whatsoever, the Lease will automatically terminate on July 1 of the calendar year which the County does not appropriate funds. County shall give Landlord at least thirty (30) days written notice of the lack of appropriation. The County shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

24. 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, licensed 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.

25. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and Section 11B-52 of the Montgomery County Code 1994, 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.

26. CONDEMNATION: In the event that the Leased Premises, or any part thereof, or more than twenty-five percent (25%) of the building of which the Leased Premises are a part is taken or condemned for public use or purpose by any competent authority, County shall have no claim against the Landlord and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation; and all rights of the County to damages therefore, if any, are hereby assigned by the County to the Landlord. Upon such condemnation or taking, the term of this Lease shall cease and terminate from the date of such governmental taking or condemnation and the County shall have no claim against the Landlord for the value of any unexpired term of this Lease. The foregoing notwithstanding,

County shall be entitled to claim, prove and receive in the condemnation proceedings such awards as may be allowed for relocation expenses and for fixtures and other equipment installed by County which shall not, under the terms of this Lease, be or become the property of Landlord at the termination hereof, but only if such an award is made by condemning authorities in addition to and stated separately from the award made for the land and the building or parts thereof so taken.

27. GENERAL PROVISIONS:

- A. Entire Agreement: 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 duly executed by the Parties hereto.

- B. Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default.

- C. Governing Law: The provision of this Lease shall be governed by the laws of the State of Maryland. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

28. SUBORDINATION: Landlord shall have the absolute right to encumber the Leased Premises set forth in this Lease and the Lease, at the option of Landlord, shall be subordinate to such encumbrance or encumbrances. County agrees to sign acceptable and appropriate papers for subordination within twenty (20) business days after Landlord's written request, provided such subordination shall be upon the express condition that the Lease shall be

recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the initial Lease term or any extension thereof. In the event of a sale or transfer of the title to the aforesaid land and premises, any transferee shall be entitled to have this Lease subordinated to the lien and effect of any first deed of trust or mortgage to secure purchase money. The County agrees to execute subordination documents stating that the Lease is subordinated subject to the conditions in this Paragraph.

This Lease is subject and subordinate to all prior recorded encumbrances on the Property. In addition to or instead of a subordination agreement, the Landlord or the Landlord's successor in interest of transfer may request the County execute an estoppel certificate in the form attached as Exhibit C and made a part of this Lease.

29. BENEFIT AND BURDEN: The provisions of this Lease shall be binding upon, and shall inure to the benefit of the Parties hereto and each of their respective representative, successors and assigns.

30. WAIVER OF JURY TRIAL: Should any controversy arise by and between the Parties concerning any of the terms and conditions contained in this Lease, or the payment of monies due hereunder, each of the Parties hereby knowingly, voluntarily and intentionally waives its right to a jury trial and freely elects to be tried by a court of competent jurisdiction without a jury in the State where the Leased Premises is located.

31. SIGNAGE: All signage shall be subject to County code and Landlord's approval, which shall not be unreasonably delayed, conditioned, or withheld.

32. MAIL NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given certified or registered mail, postage prepaid, or sent by facsimile addressed to Landlord or County respectively. Notice to the respective Parties shall be addressed as follows:

LANDLORD:

Washington Real Estate Investment Trust
6110 Executive Boulevard
Suite 800
Rockville, Maryland 20852
Tel.# 301-984-9400
Fax.# 301-984-9610

COUNTY:

Montgomery County, Maryland
Department of Public Works and
Transportation
Office of Real Estate
101 Monroe Street, 10th Floor
Rockville, Maryland 20850
Tel #: 240-777-6088
Fax #: 240-777-7259

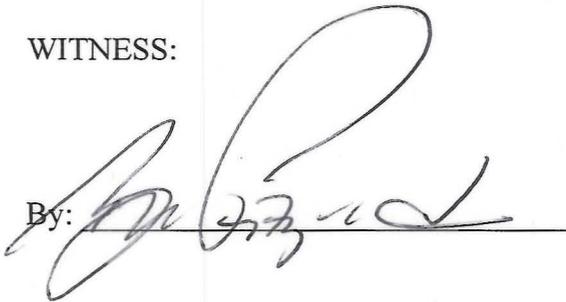
With copy that does not constitute a notice:

Office of the County Attorney for Montgomery County, Maryland
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the Parties hereto have caused this LEASE to be properly executed.

WITNESS:

By: 

LANDLORD:

Washington Real Estate Investment Trust

By: 

Date: _____

WITNESS:

By: Rebecca S. Domaruk

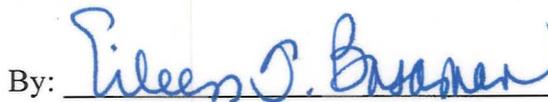
TENANT:

MONTGOMERY COUNTY, MARYLAND

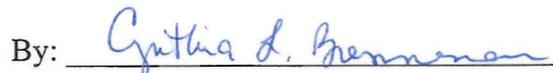
By: Joseph F. Beach
Joseph F. Beach, ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Date: 9/17/04

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

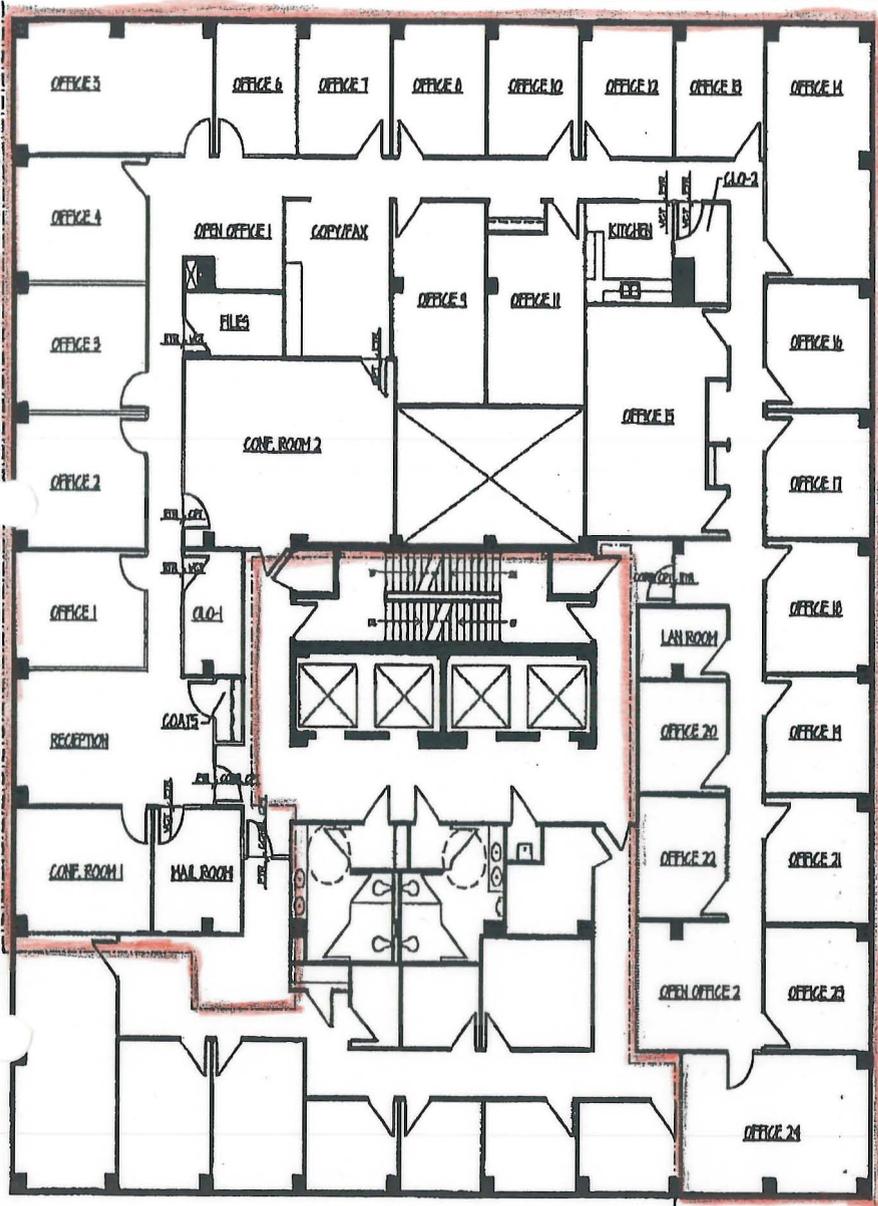
By: 

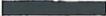
RECOMMENDED:

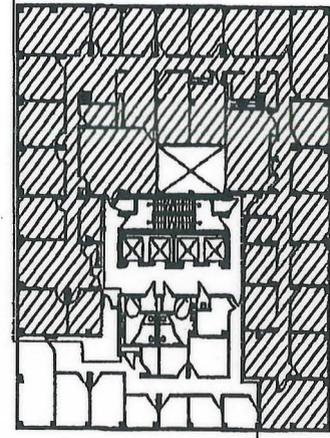
By: 
Cynthia L. Brenneman, Director
Office of Real Estate

Date: 8/27/2004

Date: 8/11/04



-  EXISTING CONSTRUCTION TO REMAIN.
-  NEW PARTITION
-  NEW DEMISING PARTITION
-  EXISTING DOOR TO REMAIN
-  NEW DOOR



KEY PLAN

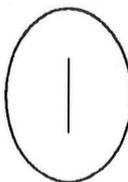
 FLOOR PLAN
SCALE: N. T. S.

EXHIBIT A - FLOOR PLAN

TENANT NAME: MONTGOMERY COUNTY
 SUITE NO.: SUITE 1700 PROPERTY: 51 MONROE ST
 PLAN DATE: 07/07/2004 RENTABLE SF: 7,517 RSF
 FLOOR PLAN SUBJECT TO LOCAL JURISDICTION APPROVAL AS REQUIRED PER CODE. HVAC, PLUMBING & ELECTRICAL TO BE PER CODE. ACTUAL DIMENSIONS MAY VARY SLIGHTLY FROM EXISTING CONDITIONS IN BUILDING. INFORMATION SHOWN IS AS ACCURATE AS POSSIBLE. REFER TO 'EXHIBIT B - TENANT IMPROVEMENT - SPECIFICATIONS' FOR MORE INFORMATION. I HAVE REVIEWED, UNDERSTAND AND ACCEPT THIS PLAN.
 INITIAL BY TENANT: _____ INITIAL BY LANDLORD: W

WRIT
 WASHINGTON REAL ESTATE INVESTMENT TRUST
 6110 EXECUTIVE BOULEVARD - SUITE 600
 ROCKVILLE, MARYLAND 20852
 (301) 988-9400

MONTGOMERY COUNTY
 51 MONROE STREET
 SUITE 1700
 ROCKVILLE, MD 20850

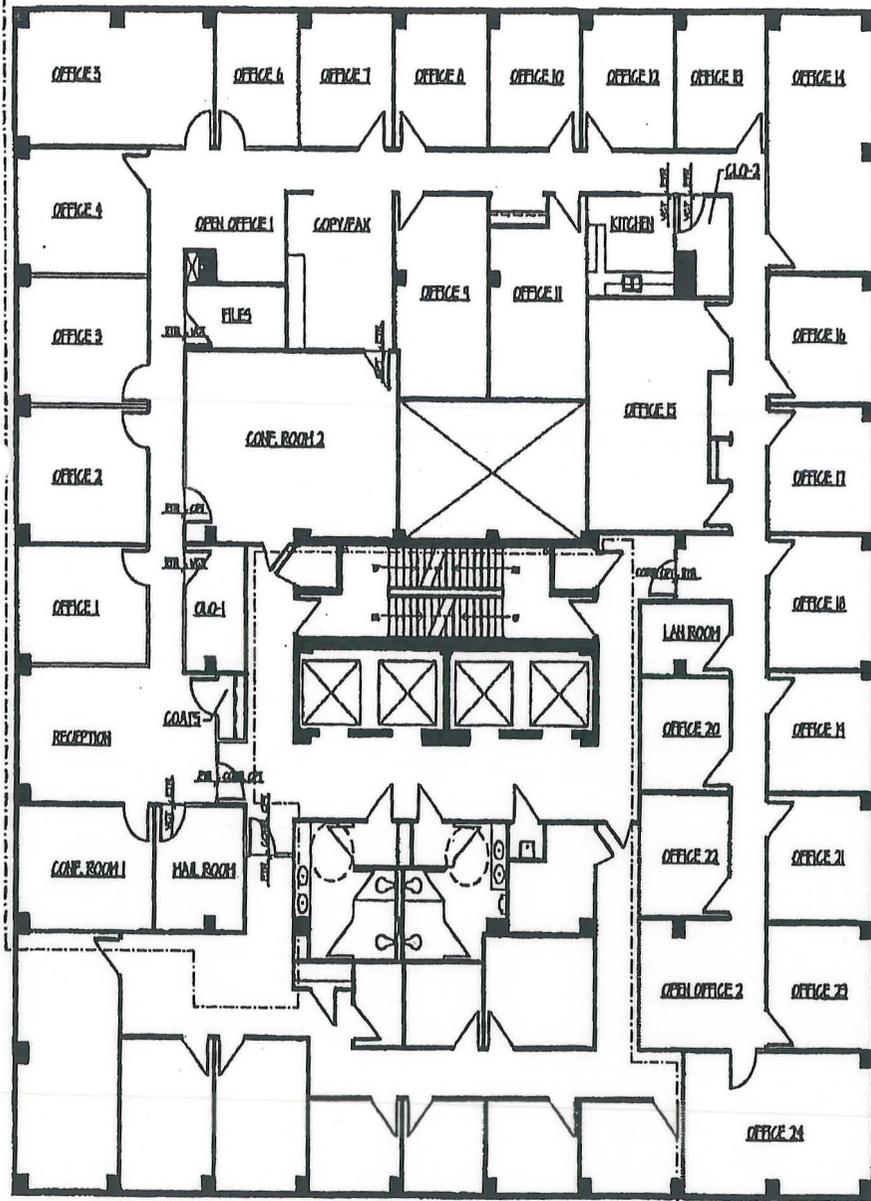
SHEET TITLE

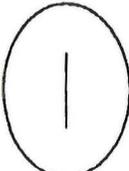
FLOOR PLAN

SCALE
N. T. S.
 DATE
07/07/2004
 DRAWN BY
EFM

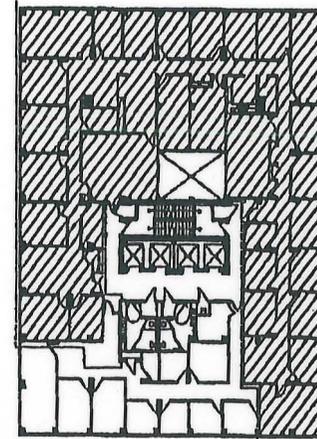
SHEET NUMBER: 1

JUL-15-2004 THU 11:10 AM WR11



 FLOOR PLAN
SCALE: N. T. S.

-  EXISTING CONSTRUCTION TO REMAIN.
-  NEW PARTITION
-  NEW DEMISING PARTITION
-  EXISTING DOOR TO REMAIN
-  NEW DOOR



KEY PLAN

EXHIBIT B - FLOOR PLAN

TENANT NAME: MONTGOMERY COUNTY
 SUITE NO.: SUITE 1700 PROPERTY: 51 MONROE ST
 PLAN DATE: 07/07/2004 RENTABLE SF: 1517 RSF
 FLOOR PLAN SUBJECT TO LOCAL JURISDICTION APPROVAL AS REQUIRED PER CODE. HVAC, PLUMBING & ELECTRICAL TO BE PER CODE. ACTUAL DIMENSIONS MAY VARY SLIGHTLY FROM EXISTING CONDITIONS IN BUILDING. INFORMATION SHOWN IS AS ACCURATE AS POSSIBLE. REFER TO 'EXHIBIT B - TENANT IMPROVEMENT - SPECIFICATIONS' FOR MORE INFORMATION. I HAVE REVIEWED, UNDERSTAND AND ACCEPT THIS PLAN.
 INITIAL BY TENANT: _____ INITIAL BY LANDLORD: 

WRIT
 WASHINGTON REAL ESTATE INVESTMENT TRUST
 5111 EXECUTIVE BOULEVARD - SUITE 900
 ROCKVILLE, MARYLAND 20852
 (301) 993-9400

MONTGOMERY COUNTY
 51 MONROE STREET
 SUITE 1700
 ROCKVILLE, MD 20850

FLOOR PLAN

SHEET TITLE: _____
 SCALE: N. T. S.
 DATE: 07/07/2004
 DRAWN BY: EFM
 SHEET NUMBER: 1

Exhibit B:

Tenant Improvements Specifications

- A. Landlord shall perform the following improvements to the Premises at Landlord's sole cost and expense in a workman-like manner and in accordance with applicable building codes and as shown on the attached Exhibit A - Floor Plan:
1. Demolition of existing walls, doors and frames, countertops and cabinetry, plumbing fixtures, and all finishes which would be required to provide the layout, as shown on the attached Exhibit A - Floor Plan. Patch and repair all adjacent surfaces affected by demolition work as required and prepare all surfaces for installation of new finishes as specified.
 2. Existing carpet to be professionally cleaned and stretched.
 3. Remove existing carpet and pad within Conference Room 2 and new Mail Room only. Carpet/pad to be saved and reused throughout suite, as necessary, to patch exposed areas. Flash patch and clean exposed concrete surface and ready for application of future finishes.
 4. Provide walls to be taped, blocked, skimmed, and sanded, ½" gypsum wallboard on both sides of 2½" metal studs, from the floor up to the underside of the suspended ceiling, as shown on the attached Exhibit A - Floor Plan.
 5. Provide new Public Corridor and Tenant Demising walls and confirm existing walls to be altered into new Tenant Demising walls to be taped, blocked, skimmed and sanded, ½" gypsum wallboard on both sides of metal studs, from the floor up to the structure above as shown. Match wall thickness and construction type at each location. Tenant Demising partitions to be Type X fire rated partitions. Provide new Public Corridor side finishes to match with existing - coordinate w/ Property Management prior to installation.
 6. Provide three (3) new 3'-0" x 8'-0" suite entrance doors, flush, solid core, pre-finished seven ply wood veneer, Mohawk Premium 2000 Dark Brown, from the corridor as shown on the Floor Plan, with 626 brushed chrome finish Corbin Russwin Mortise lockset, function ML22.
 7. Provide eleven (11) new 3'-0" x 6'-8" paint grade interior doors, to match existing, within the Tenant's suite as shown on the Floor Plan, with 'Neptune' - 626 brushed chrome finish, S-series by Schlage cylindrical passage lever hardware set. Doors to be hung in a painted metal frame.
 8. Provide new ADA compliant, standard office locking hardware sets for Mail Room, Clo-1, Clo-2 only. Style/finish of hardware to match existing.
 9. Provide one (1) new 18" wide by height of door fully tempered glass sidelite within a painted, hollow metal frame as shown on the Floor Plan.
 10. Provide one of the following carpets and pad within Conference 2 only, unless otherwise noted. Tenant to select one color from manufacturer's standard selections, based on manufacturer's availability.
 - a. Bigelow Commercial, Cyber Weave, 26 oz. textured loop graphic carpet, direct glue down.
 - b. Bigelow Commercial, Virtual Link, Broadloom 28 oz. textured patterned loop carpet.
 - c. J & J Commercial, Impulse, 24 oz. dense patterned loop carpet, direct glue down.
 - d. Cambridge, Route 66, 30 oz. cut pile carpet, direct glue down.
 11. Provide Mohawk Group Congoleum Commercial Vinyl Composition Tile, or equal, 12" x 12", 1/8" thick, in Mail Room, Clo-1, Files, Kitchen and Clo-2 only. Tenant to select one color from manufacturer's standard selections, based on manufacturer's availability.
 12. Provide Nafco or equal 4" high vinyl cove base throughout on all new walls. Color to match with existing, subject to availability.
 13. Provide a painted, fixed shelf and metal coat rod at 60" A.F.F. for Coat Closet as shown.
 14. Provide two coats Duron, McCormick, or equal, Acrylic Vinyl Flat latex paint throughout on all the walls and existing crown moulding and chair rails. Tenant to select one color to be throughout. Provide two coats of Duron, McCormick, or equal, Interior Enamel semi-gloss paint on all doors and frames throughout - color to match the adjacent walls.
 15. Provide two coats Duron, McCormick, or equal, Acrylic Vinyl Flat latex paint on new Tenant Demising walls for new Vacant suite only. Color to match existing.
 16. Install new 2' x 4' acoustical ceiling tile, to be BQCL224 Celotex (2 x 2 imitation) in existing exposed spline suspended ceiling grid system. Paint and repair existing ceiling grid system as required to provide a finished, clean appearance. Repair grid as required where affected by demolition and new construction. Grid to be painted building standard white.
 17. Existing mini-line blinds with baked enamel finish for all exterior windows within the Tenant's suite to remain, replace or repair any damaged or missing mini blinds.
 18. Provide 24" deep, L-shaped plastic laminate countertop (14 LF +/-) at 34" A.F.F. with base cabinets below and wall cabinets above in Kitchen as shown on the Floor Plan. Relocate

existing sink and hardware within new countertop. Provide space below for existing dishwasher, to remain and be cleaned. Tenant to select from the following cabinetry options (format: Material Basis, Cabinetry Line, Material Finish):

- a. Maple, "Seneca Ridge - Raised Panel," Square, Natural; or
- b. Maple, "Spring Valley - Recessed Panel," Square, Natural; or
- c. Oak, "Seneca Ridge - Raised Panel," Square, Natural; or
- d. Oak, "Spring Valley - Recessed Panel," Square, Natural; or
- e. Laminate, "Whitebay II," Square, White; or
- f. Laminate, "Arbor Falls II," Square, White.

Tenant to select one color of plastic laminate from Formica manufacturers standard selections based on manufacturer's availability. Provide a duplex receptacle for a refrigerator and two ground-fault circuit-interrupt duplex receptacles at counter-height. All appliances are Tenant-provided, U.N.O.

19. Provide a 24" deep, plastic laminate countertop (8 LF +/-) at 36" A.F.F. with base cabinets below for Copy/Fax as shown on the Floor Plan. Cabinetry/laminate selections to be made, as noted above.
 20. Provide the following electrical and/or mechanical in the suite, if existing then to remain, or provide new to make up the difference as follows:
 - a. Two (2) duplex receptacles per interior room. No outlets, or tenant telephone and computer receptacles will be permitted on building exterior window walls. New outlet covers are to have stainless steel finish.
 - b. Provide two one (1) new dedicated outlet and two (2) new standard duplex receptacles at countertop height for Copy/Fax.
 - c. New switch covers are to have stainless steel finish.
 - d. Install new 2' x 4' recessed fluorescent light fixtures, Lithonia 2PM3NGB_3_32 18LD277 or 12OES, with parabolic lenses and cool white high efficiency ballast with T-8 tubes at a ratio of 1 fixture per 80 useable square feet.
 - e. Exit lights and emergency lights as required by code, tied to a generator.
 - f. Relocate HVAC 2' x 2' lay-in diffusers and grilles as required in each room or area so that there is 1 supply diffuser and 1 return grille in each typical room and provide fire dampers if required by code.
 - g. Landlord shall not provide Tenant's telephone and or computer lines, jacks and or equipment. Landlord shall, however, coordinate with Tenant's low-voltage wiring subcontractor for such installation.
 - h. Tenant will confirm with the Landlord all of the locations for all of the above mentioned new items a. and b.
 21. All existing electrical, telephone and data outlets to remain unless otherwise noted.
- A. Tenant shall be solely responsible for all of Tenant's systems furniture requirements and installation, including but not limited to, layout, installation, permits, wiring and connections. In addition, Tenant shall be solely responsible for all of Tenant's low-voltage wiring serving the Premises, including but not limited to telephone, data and security.
 - B. Except as otherwise set forth in Paragraph A above, Tenant, at its own cost, will be responsible for all other improvements to the Premises including, but not limited to ceiling, wall, floor and window coverings, lighting, fixtures, and other equipment.
 - C. Tenant shall furnish the Landlord its electric and telephone locations as well as all other selections required by the Tenant (i.e. paint, carpet, cove base) no later than five (5) days after execution of this Lease. Any delay to the improvements to be performed by the Landlord outlined in this Exhibit B for any reason caused by Tenant shall be considered a "Tenant Delay" such as: 1) Delays in time caused as a direct result of modifications to the floor plan and/or specifications as described in this Exhibit B; 2) Additional items required above and beyond the scope of Exhibit A or B for the Premises after lease execution; 3) Failure to make selections in a timely manner; 4) Delays caused by the Tenant's architect, contractor or other consultants; 5) Tenant's failure to grant Landlord or its agents or contractors timely access to the Premises; 6) Any other delay or stoppage of construction requested or caused by Tenant. In the event of any such Tenant Delay, the Lease Commencement Date shall be the date of delivery of the Premises, minus the total number of days of any Tenant Delay. A deadline delivery date by the Landlord, if one is specified in the Lease, shall be extended by the total number of days of any such Tenant Delay.
 - D. For all purposes under the Lease, Landlord's Work shall be deemed to be substantially complete when Landlord's Work, as defined in Exhibit B, is entirely completed except for minor punch list items and long-lead items, the completion of which shall not materially interfere with Tenant's use of the Premises.

Signed by:

Tenant:

Company Name

Signature

Name, Title

Date

Landlord:

Washington Real Estate Investment Trust

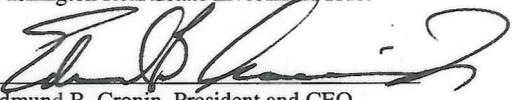

Edmund B. Cronin, President and CEO

EXHIBIT C

TENANT ESTOPPEL CERTIFICATE

To: , its successors and/or assigns ("Lender")
 , its successors and/or assigns ("Purchaser")

Re: Property Address: 51 Monroe Street, Rockville MD., 20850("Property")
Lease Date:
Between Washington Real Estate Investment Trust ("Landlord") and
Montgomery County, Maryland ("Tenant")
Square Footage Leased:7157 Square feet
Suite No./Floor: suite 1700 ("Premises")

Landlord has requested that Tenant provide Landlord with an estoppel certificate as permitted from time to time under the terms of the above-referenced lease ("Lease"). Tenant hereby acknowledges the following:

- (1) The Lease and all amendments to the Lease attached as Exhibit "A" is a true, correct, and complete copy of the Lease, as amended; is in full force and effect; and has not been modified, supplemented, or amended in any way other than in writing attached as part of Exhibit A. The Lease as amended in Exhibit A represents the entire agreement between the Landlord and Tenant as to the Premises or any part of the Premises.
- (2) The Lease Term commenced on _____, and terminates on _____. The Lease provides for _____ renewal/extension option(s) of _____ (months/years) each. Tenant has exercised _____ renewal/extension options on the date that this Certificate is issued by Tenant.
- (3) The amount of fixed monthly rent is \$ _____; the monthly common area or other charges are \$ _____. The base year for operating expenses and real estate taxes, as defined in the Lease, is calendar year 200_. Except the first installment of rent, no rent has been paid more than one (1) month in advance of its due date.
- (4) Tenant paid no security deposit under the terms of the Lease. Tenant has paid rent for the Premises through _____, 200__.
- (5) Tenant currently occupies the Premises.
- (6) All work to be completed by Landlord for the Tenant prior to occupancy has been performed as required and has been accepted by the Tenant; and any payments, free rent, or other payments, credits, allowances or abatements required to be given by Landlord up to the date of issuance of this Certificate have been credited or paid to Tenant.
- (7) As of the date that this Certificate is issued by Tenant, Tenant has no knowledge of any default by Landlord other than those specified in Exhibit B, attached. As of the date that

this Certificate is issued by Tenant, Tenant has no knowledge of any offset, defense, deduction or claim against Landlord other than those listed in Exhibit B, attached.

- (8) Tenant is not in default under the Lease.
- (9) Tenant has not assigned the Lease or sublet all or any portion of the Premises, except as listed in Exhibit C, attached. Any sublease or assignment documents are attached as part of Exhibit C.
- (10) Any notices to be sent to Tenant should be sent in the form required in the Lease to:

Montgomery County, Maryland
Office of Real Estate
101 Monroe Street
10th Floor
Rockville, MD 20850

With a copy that does not constitute notice to:

Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, MD 20850

- (11) The undersigned is duly authorized to execute this Certificate.

TENANT:
Montgomery County, Maryland

By: _____

Title: _____

Date: _____