

THIRD LEASE MODIFICATION AND EXTENSION AGREEMENT

THIS THIRD LEASE MODIFICATION AND EXTENSION AGREEMENT

(this "Agreement"), dated February 21, 2019, by and between UE ROCKVILLE LLC, a Delaware limited liability company authorized to transact business in the state of Maryland, having an office at 210 Route 4 East, Paramus, New Jersey 07652 ("Landlord") and MONTGOMERY COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State of Maryland, having an office at Montgomery County, Maryland, Department of General Services, Office of Real Estate, 101 Monroe Street, 9th Floor, Rockville, Maryland 20850, Attention: Director of Real Estate ("County"). (The Landlord and the County together, the "Parties").

W I T N E S S E I H:

WHEREAS, Landlord's predecessor-in-interest, Pavilion Partners, Inc., and County heretofore entered into a Lease Agreement and Addendum dated April 15, 2003, as amended by a First Lease Modification and Extension Agreement dated April 6, 2009, and as further amended by a Second Lease Extension Agreement dated January 29, 2014 (collectively, the Lease Agreement and Addendum, First Lease Modification and Extension Agreement and Second Lease Extension Agreement are referred to as the "Lease"), covering certain premises consisting of approximately 6,554 square feet of floor area, Space No. 202 (the "Leased Premises"), in a shopping center commonly known as Rockville Town Center located in Rockville, Maryland (the "Shopping Center"), as more particularly described in the Lease; and

WHEREAS, all of the right, title and interest of Pavilion Partners, Inc., as Landlord under the Lease, was heretofore acquired by UE Rockville LLC; and

WHEREAS, the Term of the Lease expired on September 30, 2018 and the County has remained in possession of the Leased Premises as a month to month tenant since that date; and

WHEREAS, Landlord and County desire to extend the Term of the Lease and to modify the Lease, as hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. All capitalized terms used in this Agreement to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to them in the Lease. All prefatory language appearing above in the "Whereas" clauses shall be deemed to be incorporated by reference as though set forth at length.

2. The Term of the Lease is hereby extended by eleven (11) years commencing on January 1, 2019 and expiring on December 31, 2029 ("Third Extended Term"). The parties acknowledge that the County was a month to month tenant between the period of October 1, 2018 through December 31, 2018, during which period all of the terms, covenants and conditions of the Lease remained in full force and effect. Upon full execution of this Agreement, the Effective Date of the Agreement shall be retroactive to January 1, 2019.

3. During the Third Extended Term, County shall pay Base Rent to Landlord as follows:

<u>Period</u>	<u>Base Annual Rent Per Square Foot</u>	<u>Base Annual Rent</u>	<u>Base Annual Rent per Month</u>
1/1/19-12/31/19*	\$0.00	\$0.00	\$0.00
1/1/20-12/31/20	\$18.45	\$120,921.30	\$10,076.78
1/1/21-12/31/21	\$18.91	\$123,936.14	\$10,328.01
1/1/22-12/31/22	\$19.38	\$127,016.52	\$10,584.71
1/1/23-12/31/23	\$19.86	\$130,162.44	\$10,846.87
1/1/24-12/31/24	\$20.36	\$133,439.44	\$11,119.95
1/1/25-12/31/25	\$20.87	\$136,781.98	\$11,398.50
1/1/26-12/31/26	\$21.39	\$140,190.06	\$11,682.51
1/1/27-12/31/27	\$21.92	\$143,663.68	\$11,971.97
1/1/28-12/31/28	\$22.47	\$147,268.38	\$12,272.37
1/1/29-12/31/29	\$23.03	\$150,938.62	\$12,578.22

* Although Base Rent shall be abated for calendar year 2019, nothing herein shall abate any additional rent due pursuant to the Lease during calendar year 2019.

4. From and after the Effective Date, Section 5(i) of the Lease shall be amended to reflect that the Base Year for Real Estate Taxes shall be defined to mean calendar year 2019.

5. From and after the Effective Date, Section 10 of the Addendum of Lease shall be deleted in its entirety and replaced with the following:

“Operating Expenses:

(a) For the first Contribution Year (defined below), County shall pay to Landlord a sum equal to Two and 00/100 DOLLARS (\$2.00) per square foot of floor area of the Leased Premises (“County’s Contribution”), for those expenses incurred by Landlord in connection with operating (including any capital expenditures), maintaining, insuring, managing and repairing the Building, including common areas and related exterior areas, and appurtenances (collectively “Operating Expenses”). As used herein, the first Contribution Year shall commence on January 1, 2019 and shall end on December 31, 2019, and each Contribution Year thereafter shall mean each twelve (12) month period commencing on January 1st and ending on December 31st.

(b) Following the first Contribution Year, and on an annual basis, County’s Contribution shall be adjusted at the beginning of each Contribution Year by increasing the County’s Contribution by four percent (4%) from the County’s Contribution for the immediately preceding Contribution Year.

(c) County shall pay equal monthly installments on account of County’s Contribution to Landlord. Installments shall be paid in the same manner and at the same time as Base Rent. County’s Contribution shall in no event be reduced or off-set by amounts or fees generated by Landlord from: the use, rental or license of the Common Areas; the operation of a parking garage or deck; kiosk or pushcart operators; space licensed to licensees pursuant to license agreements; or space occupied by temporary or seasonal tenants or occupants.

(d) For any period of time which is less than an entire Contribution Year, County’s Contribution shall be an amount equal to the product of (a) County’s Contribution for the entire Contribution Year and (b) a fraction, the numerator of which is the number of days during such Contribution Year, and the denominator of which shall be the number of days in the entire Contribution Year.”

6. From and after the Effective Date, Section 11(C) of the Second Lease Extension Agreement shall be deleted in its entirety and be of no force and effect.

7. (a) Provided County is not then in Default under the terms of this Lease and provided further that this Lease has not been terminated pursuant to the provisions therein, County shall have the option to renew this Lease for two (2) additional periods of five (5) years each (each a "Renewal Term"). Each option to renew shall expire and be of no force or effect unless exercised by County giving notice thereof to Landlord no later than three hundred sixty-five (365) days prior to the expiration of the then current term, so that if the County fails to exercise the first option, then the second option shall be automatically null and void. The failure by County to notify Landlord of its intent to renew this Lease within the required time period shall be deemed a waiver of County's rights to renew this Lease for such Renewal Term(s), as applicable.

(b) All of the terms, conditions and provisions of the Lease shall remain in full force and effect during each Renewal Term, except that the Base Rent for each Renewal Term shall be equal to the fair market value ("Fair Market Value"). Fair Market Value shall mean the arms-length fair market annual rental rate under new and renewal leases and amendments entered into on or about the date on which the Fair Market Value is being determined for space comparable to the Leased Premises and other comparable buildings (in terms of location, age, existing improvements, services provided, and all such other relevant factors) in the local area in which the Leased Premises is located. The determination of Fair Market Value shall include, without limitation, the following factors: rent abatements, tenant improvement allowances and any other concessions, and the base year, if applicable, for taxes.

(c) No later than thirty (30) days following County's notice exercising its option to extend the first Renewal Term or second Renewal Term, as applicable, Landlord shall notify County of Landlord's determination of the Fair Market Value for applicable Renewal Term. Within thirty (30) days after Landlord gives County Landlord's proposal for Fair Market Value, County shall notify Landlord whether County accepts or disputes such rate. If County fails to object to Landlord's designation of Fair Market Value within the time period set forth herein, or County accepts Landlord's determination as to Fair Market Value, then the Fair Market Value so proposed by

Landlord shall be the Base Rent during the applicable Renewal Term. If however, County disagrees with Landlord's designation and timely notifies Landlord of its disagreement, then Landlord and County shall commence negotiations to agree upon the Fair Market Value. If Landlord and County are unable to reach agreement on the Fair Market Value within sixty (60) days after the date on which Landlord first gave County Landlord's proposal for the Fair Market Value, then the Fair Market Value shall be determined as provided below.

(d) If Landlord and County are unable to agree on the Fair Market Value by the end of said sixty (60) day period, then within five (5) days thereafter, Landlord and County shall each simultaneously submit to the other in a sealed envelope its good faith estimate of the Fair Market Value, including anticipated steps in Annual Base Rent, if any. If the higher of such estimates is not more than one hundred ten percent (110%) of the other estimate, then the Fair Market Value shall be the average of the two estimates. If the matter is not resolved by the exchange of estimates, then Fair Market Value shall be determined by an independent arbitrator as set forth below.

(e) Within seven (7) days after the exchange of estimates, the parties shall select, as an arbitrator, a mutually acceptable commercial real estate broker or appraiser licensed in the State of Maryland specializing in the field of commercial retail leasing in Montgomery County, having no less than ten (10) years' experience, and who has not worked in any capacity for either party during the preceding five (5) year period (an "Approved Arbitrator"). If the parties cannot agree on such person, then within a second period of seven (7) days, each party shall select one Approved Arbitrator and the two appointed Arbitrators shall, within five (5) days, select a third Approved Arbitrator who shall be the final decision-maker (the "Final Arbitrator"). If one party shall fail to timely make such appointment, then the person chosen by the other party shall be the sole arbitrator. Once the Final Arbitrator has been selected as provided for above, then, as soon thereafter as practicable, but in any case within fourteen (14) days after his or her appointment, the arbitrator shall determine the Fair Market Value by selecting either the Landlord's estimate of Fair Market Value or the

County's estimate of Fair Market Value. Such arbitrator must choose the proposed Fair Market Value that he/she determines is closest to the actual market rental rate for the Leased Premises. There shall be no discovery or similar proceedings. The arbitrator's decision as to which estimate shall be the Fair Market Value for the applicable Renewal Term shall be rendered in writing to both Landlord and County and shall be final and binding upon them and shall be the Base Rent for the applicable Renewal Term. The costs of the Final Arbitrator will be equally divided between Landlord and County. Any fees of any counsel engaged by Landlord or County, however, shall be borne by the party that retained such counsel.

(f) Once the Fair Market Value has been determined, the parties shall promptly execute an amendment to this Lease setting forth the Base Rent for the Leased Premises during the applicable Renewal Term. For any part of the applicable Renewal Term during which the Base Rent is in dispute, or has not yet been finally determined, County shall make payments to Landlord on account of Base Rent at the rate per rentable square foot of the Leased Premises last paid under this Lease. The parties shall adjust for any overpayments or underpayments within thirty (30) days following the final determination of such Base Rent.

(g) Neither the foregoing options granted to County to renew this Lease, nor the exercise thereof by County, shall prevent Landlord from exercising any right granted or reserved to Landlord in this Lease or which Landlord may have by virtue of any law to terminate this Lease, either during the original Term or during the applicable Renewal Term. Any termination of this Lease shall serve to terminate the renewal options, whether or not County shall have exercised same. Any right on the part of Landlord to terminate this Lease shall continue during either Renewal Term, and the foregoing option granted to County to renew this Lease shall not be deemed to give County any further options to renew this Lease.

8. During the Third Extended Term, all other Rent, additional rent, charges, rates and sums payable by County shall be payable in the same manner as provided in the Lease.

9. Landlord has appointed UE Property Management LLC (the "Property Manager"), as its manager and authorized signatory to execute this Agreement. Landlord may, at any time and from time to time, in Landlord's sole discretion, terminate or replace the Property Manager. County acknowledges that the Property Manager will not be acting in a personal capacity, but rather as manager and authorized signatory for Landlord. County agrees that it shall look only to Landlord for the performance of Landlord's obligations under the Lease as modified by this Agreement and for the satisfaction of any right of County for the collection of any claim, judgment or other judicial determination (whether at law or in equity) or arbitration award requiring the payment of money, and neither the Property Manager nor its direct or indirect parent, partners or members, nor their respective agents, incorporators, shareholders, beneficiaries, trustees, officers, directors, employees, partners, members, principals (disclosed or undisclosed) or affiliates (individually and collectively, "Related Parties") or any of their respective assets or property shall be subject to any claim, judgment, levy, lien, execution, attachment or other enforcement procedure (whether at law or in equity) for the satisfaction of County's rights and remedies under or with respect to the Lease, as modified by this Agreement, the relationship of Landlord and County under the Lease as modified by this Agreement or under applicable laws, or County's use and occupancy of the Leased Premises or any liability or obligation of Landlord to County. The limitation of Landlord's liability under the Lease, as modified by this Agreement, and any waiver of claims or subrogation rights, shall apply with equal force and effect to, and for the benefit of, the Property Manager and its Related Parties.

10. Landlord and County represent that there was no broker instrumental in consummating this Agreement, and that no conversations or prior negotiations were had with any broker concerning this Agreement. Landlord and County agree to hold each other harmless from and against any claims for brokerage commission or compensation arising out of any conversations or negotiations had by them with any broker with respect to this Agreement.

11. Except as amended by this Agreement, the terms, covenants and conditions of the Lease shall continue in full force and effect, and the Lease is hereby ratified in its entirety. In the event of a conflict between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall govern the rights and obligations of the parties.

12. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to the extent as allowed in the Lease, their respective successors, assigns and legal representatives.

13. This Agreement shall be construed in accordance with the laws of the State in which the Leased Premises is situated. Any action to enforce the provisions of this Agreement shall be brought in the state court of competent jurisdiction in the State in which the Leased Premises is situated.

14. The submission by Landlord to County of this Agreement shall have no force or effect, shall not constitute an offer, nor confer any rights or impose any obligation upon either party unless and until: (i) all outstanding amounts then due under the Lease are paid to Landlord; (ii) execution thereof by Landlord; and (iii) the unconditional delivery of a fully executed original thereof to Landlord and County or their representatives.

15. This Agreement may be executed in counterparts, each of which shall be deemed an original. The signature of a party to any counterpart may be attached to any other counterpart. Any counterpart to which is attached the signatures of all parties shall constitute an original of this Agreement. The exchange of counterparts of this Agreement by the parties hereto by means of facsimile transmission or by electronic mail transmission (pdf) which shall contain authentic reproductions of signatures shall constitute a valid exchange of this Agreement and shall be binding upon the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this

Agreement as of the day and year first above written.

ATTEST:

LANDLORD: UE Rockville LLC
By: UE Property Management LLC
its Manager and Authorized Signatory

Suzanne H. Weir
SUZANNE H. WEIR
ASSISTANT SECRETARY

By: [Signature]
Name: Chris Weilmünster
Title: Executive Vice President & Chief Operating Officer
Date: February 4, 2019

ATTEST:

COUNTY: Montgomery County, Maryland

Ashienne Crane

By: [Signature]
Name: Faiba Karsiri
Title: Asst. Chief Admin. Officer
Date: 2/21/19

APPROVED AS TO FORM AND LEGALITY OFFICE OF THE COUNTY ATTORNEY.

RECOMMENDED:

By: [Signature]
Date: 2/19/19

By: [Signature]
Date: 1/15/19