

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (the "Second Amendment") is executed and effective as of the ~~9th~~ day of March, 2020 (the "Second Amendment Effective Date"), by and between **BSREP II MD OFFICE JEFFERSON LLC**, a Delaware limited liability company ("Landlord"), successor in interest to Washington Real Estate Investment Trust, and **MONTGOMERY COUNTY, MARYLAND** ("County").

RECITALS:

WHEREAS, Landlord and County are parties to that certain Lease Agreement dated July 24, 2008, as amended by that certain First Amendment to Lease ("First Amendment") dated June 26, 2013 (collectively, the "Lease") whereby County leases from Landlord approximately 23,907 rentable square feet of space known as Suite 500 (the "Suite 500 Premises"), and approximately 5,550 rentable square feet of space known as Suite 550 (the "Suite 550 Premises", and together with the Suite 500 Premises, the "Existing Premises") of the building located at 600 Jefferson Plaza, 600 E. Jefferson Street, Rockville, Maryland 20852 (the "Building");

WHEREAS, the Lease with respect to the Existing Premises expires on March 31, 2021, and Landlord and County desire to extend the term of the Lease for the Existing Premises; and

WHEREAS, County desires to expand the Leased Premises to include approximately 2,079 rentable square feet of space in Suite 440 of the Building (the "Suite 440 Premises") with a term coterminous with the Existing Premises, and Landlord is willing to agree that County may so increase County's square footage of the Leased Premises, all as more particularly provided below; and

WHEREAS, Landlord and County desire to amend the Lease upon the terms, conditions, covenants and agreements set forth in this Second Amendment.

WITNESSETH:

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) in hand paid by each party to the other, the mutual promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties agree as follows.

1. The recitals contained above are true to the best of the parties' knowledge and are incorporated by reference herein. Any term used herein that is defined in the Lease shall have the same meaning as specified in the Lease unless otherwise specifically provided herein.

2. Effective as of April 1, 2020 (the "Suite 440 Lease Commencement Date"), the following is added to Article 1 of the Lease:

"Landlord does hereby lease and demise unto the County, and the County hereby leases from Landlord, Suite 440 comprising approximately 2,079 square feet of rentable area on the fourth floor of the Building, which space is hereinafter referred to as the "Suite 440 Premises". The Suite 440 Premises are identified on Exhibit "A-2" which is attached hereto and incorporated herein for all purposes. The Suite 440 Premises, the Suite 500 Premises and the Suite 550 Premises shall collectively be referred to under the Lease as the "Leased Premises."

3. Effective on the Second Amendment Effective Date, the following is added to Article 2 of the Lease:

"The Term of the Lease with respect to the Leased Premises (as defined in Paragraph 2 of the Second Amendment) shall be extended for a period of eight (8) years beyond the current Lease expiration date (March 31, 2021) to expire on March 31, 2029 (the "Lease Expiration Date"). The "First Extended Lease Commencement Date" means (i) the Second Amendment Effective Date if the Second Amendment Effective Date is the first day of a calendar month, or (ii) if the Second Amendment Effective Date is not the first day of a calendar month, the first day of the first calendar month following the Second Amendment Effective Date. The period from the First Extended Lease Commencement Date through the Lease Expiration Date (as herein defined) shall be the "First Extended Lease Term". All references in the Lease (as amended by this Second Amendment) to the expiration date of this Lease shall mean the Lease Expiration Date as defined in this Second Amendment and all references in the Lease (as amended by this Second Amendment) to "Term" shall include the First Extended Lease Term."

4. Effective on the First Extended Lease Commencement Date, Article 4 of the Lease is amended and restated as follows:

“In addition to the amounts set forth herein, County agrees to pay during the term hereof, for the Suite 500 Premises and the Suite 550 Premises, commencing on the First Extended Lease Commencement Date (as defined in the Second Amendment) and continuing through the Lease Expiration Date, at the payment address for Landlord provided in this Lease, a minimum annual rent in accordance with the schedule below, payable in advance on the first day of each calendar month and without deduction, set off, abatement, demand or counterclaim (hereinafter called "Minimum Annual Rent").

MINIMUM ANNUAL RENT FOR THE SUITE 500 PREMISES:

LEASE YEAR	ANNUALLY	MONTHLY
Lease Year 1	\$681,349.50	\$56,779.13
Lease Year 2	\$698,383.24	\$58,198.60
Lease Year 3	\$715,842.82	\$59,653.57
Lease Year 4	\$733,738.89	\$61,144.91
Lease Year 5	\$752,082.36	\$62,673.53
Lease Year 6	\$770,884.42	\$64,240.37
Lease Year 7	\$790,156.53	\$65,846.38
Lease Year 8	\$809,910.44	\$67,492.54
Lease Year 9	\$830,158.21	\$69,179.85
Lease Year 10 (partial – through Lease Expiration Date)	\$850,912.16	\$70,909.35

MINIMUM ANNUAL RENT FOR THE SUITE 550 PREMISES:

LEASE YEAR	ANNUALLY	MONTHLY
Lease Year 1	\$158,175.00	\$13,181.25
Lease Year 2	\$162,129.38	\$13,510.78
Lease Year 3	\$166,182.61	\$13,848.55
Lease Year 4	\$170,337.17	\$14,194.76
Lease Year 5	\$174,595.60	\$14,549.63
Lease Year 6	\$178,960.49	\$14,913.37
Lease Year 7	\$183,434.51	\$15,286.21
Lease Year 8	\$188,020.37	\$15,668.36
Lease Year 9	\$192,720.88	\$16,060.07
Lease Year 10 (partial – through Lease Expiration Date)	\$197,538.90	\$16,461.58

The term "Lease Year" with respect to the Suite 500 Premises and the Suite 550 Premises shall mean each period of twelve (12) consecutive months commencing on the First Extended Lease Commencement Date.

In addition to the amounts set forth herein, County agrees to pay during the term hereof, for the Suite 440 Premises, commencing on the Suite 440 Lease Commencement Date (as defined in the Second Amendment) and continuing through the Lease Expiration Date, at the payment address for Landlord provided in this Lease, a minimum annual rent in accordance with the schedule below, payable in advance on the first day of each calendar month and without deduction, set off, abatement, demand or counterclaim (hereinafter called "Minimum Annual Rent"):

MINIMUM ANNUAL RENT FOR THE SUITE 440 PREMISES:

LEASE YEAR	ANNUALLY	MONTHLY
April 1, 2020 – January 31, 2021	\$56,652.75*	\$4,721.06*
February 1, 2021 – March 31, 2021	\$56,652.75	\$4,721.06
April 1, 2021 – March 31, 2022	\$58,069.07	\$4,839.09
April 1, 2022 – March 31, 2023	\$59,520.80	\$4,960.07
April 1, 2023 – March 31, 2024	\$61,008.82	\$5,084.07
April 1, 2024 – March 31, 2025	\$62,534.04	\$5,211.17
April 1, 2025 – March 31, 2026	\$64,097.39	\$5,341.45
April 1, 2026 – March 31, 2027	\$65,699.82	\$5,474.99
April 1, 2027 – March 31, 2028	\$67,342.32	\$5,611.86
April 1, 2028 – March 31, 2029	\$69,025.87	\$5,752.16

*In consideration for County's compliance with the terms and conditions set forth in the Lease as amended, County shall not be required to pay the monthly installment of Minimum Annual Rent for the Suite 440 Premises only for the ten (10) month period commencing on the Suite 440 Lease Commencement Date (such ten-month period is referred to herein as the "Suite 440 Abated Base Rent Period"). The sum of such Monthly Base Rent for such Suite 440 Abated Base Rent Period equals \$47,210.62 (the "Suite 440 Minimum Rent Incentive").

The term "Lease Year" with respect to the Suite 440 Premises shall mean each period of twelve (12) consecutive months commencing on the Suite 440 Lease Commencement Date."

5. Effective on the First Extended Lease Commencement Date, Paragraph 5.A. of the Lease is deleted in its entirety and replaced with the following:

"Commencing on the first anniversary of the First Extended Lease Commencement Date, 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 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" shall be defined as Calendar Year 2020. 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."

6. Effective on the Suite 440 Lease Commencement Date, Paragraph 5.C. of the Lease is amended by the addition of the following:

"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 One and 85/100 percent (1.85%) within thirty days after receipt of Landlord's statement. The County proportionate share with respect to the Suite 440 Premises is computed as follows:

2,079 square feet leased
112,292 Building square feet = 1.85%.

The County and Landlord agree that the total County's proportionate share of the Building for the Suite 500 Premises, the Suite 550 Premises and the Suite 440 Premises equals 28.08%."

7. Effective on the First Extended Lease Commencement Date, Paragraph 6.A. of the Lease is deleted in its entirety and replaced with the following:

"Commencing on the first anniversary of the First Extended Lease Commencement Date, and every Calendar Year thereafter, Landlord will forward to the County a statement and copies of paid utility receipts setting forth the amount of Utilities 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 Utilities over the Utilities assessed against the Property of which the Leased Premises are a part during the Base Year. The Landlord's statement must contain copies of Utility Billings for the Base Year as well as the tax year for which the payment is required."

8. Effective on the Suite 440 Lease Commencement Date, Paragraph 6.C. of the Lease is amended by the addition of the following:

"The County shall pay to the Landlord said increased utility costs as additional rent for the County's proportionate share of the Building, which share is determined to be One and 85/100 percent (1.85%) within thirty days after receipt of Landlord's statement. The County proportionate share with respect to the Suite 440 Premises is computed as follows:

2,079 square feet leased
112,292 Building square feet = 1.85%.

The County and Landlord agree that the total County's proportionate share of the Building for the Suite 500 Premises, the Suite 550 Premises and the Suite 440 Premises equals 28.08%."

9. Effective on the First Extended Lease Commencement Date, the following amendments are made to Paragraph 37 of the Lease (as added by Section 12 of the First Amendment):

(a) The introductory paragraph of Paragraph 37 is deleted in its entirety and replaced with the following:

"Operating Expenses: County shall pay to Landlord as additional rent Twenty-Six and 23/100 percent (26.23%) (being the stipulated proportion which the rentable area of the Leased Premises bears to the total rentable office area of the Building which is 112,292, and which is comprised of Twenty-One and 29/100 percent (21.29%) applicable to the Suite 500 Premises and Four and 94/100 percent (4.94%) applicable to the Suite 550 Premises) of the increase in Operating Expenses during the Term over Initial Operating Expenses. In the event the gross rentable area of the Building is increased or decreased, then County's Operating Expenses percentage shall be recalculated and adjusted. County's proportionate share of Operating Expenses with respect to the Leased Premises shall be the percentage set forth above, except as follows: If any space in the Building is leased to a tenant who is separately responsible for paying the cost of a service that would otherwise be included in Operating Expenses, the rentable area of such tenant's space shall be excluded from the rentable area of the Building for the purpose of determining County's percentage share of the balance of the cost of such services. Additionally, if any space in the Building is leased to a tenant who creates an exemption from any category of Operating Expenses so as to reduce the Building's total cost of the same in proportion to that tenant's rentable area, then the rentable area of such tenant's space shall be excluded from the rentable area of the Building for the purpose of determining County's percentage share of such category of Operating Expenses."

(b) Paragraph 37(d) is deleted and replaced with the following:

"(d) For purposes hereof, the Initial Operating Expenses with respect to the Leased Premises are stipulated to be the amount of Operating Expenses actually incurred by Landlord during the Base Year."

(c) Paragraph 37(e) is deleted and replaced with the following:

“(e) In the event that the actual Operating Expenses with respect to the Leased Premises for any calendar year during the Term exceed the Initial Operating Expenses set out above, commencing on the first anniversary of the First Extended Lease Commencement Date and thereafter, County shall pay its proportionate share of the increase in Operating Expenses for such year over the Initial Operating Expenses. Any increase payable by County under this provision shall be deemed additional rent.”

10. Effective on the Suite 440 Lease Commencement Date, the first sentence of the introductory paragraph of Paragraph 37 of the Lease is deleted and replaced with the following:

“County shall pay to Landlord as additional rent Twenty-Eight and 08/100 percent (28.08%) (being the stipulated proportion which the rentable area of the Leased Premises bears to the total rentable office area of the Building which is 112,292, and which is comprised of Twenty-One and 29/100 percent (21.29%) applicable to the Suite 500 Premises, Four and 94/100 percent (4.94%) applicable to the Suite 550 Premises, and One and 85/100 percent (1.85%) applicable to the Suite 440 Premises) of the increase in Operating Expenses during the Term over Initial Operating Expenses.”

11. Effective on the Suite 440 Lease Commencement Date, the following shall be added to Article 7 of the Lease:

“Landlord hereby grants County a license to use up to an additional Seven (7) unreserved parking spaces with respect to the Suite 440 Premises. If the County uses any of the parking spaces then the County shall pay Landlord or its agent at Landlord's direction, in advance, a monthly parking fee without abatement, deduction, offset, demand or counterclaim for the foregoing parking spaces in the amount of \$90.00 per space per month which shall be deemed Additional Rent. The foregoing fee is subject to increase with at least thirty (30) days' notice to the County. County agrees to comply and shall cause its employees, agents and contractors to comply with all rules and regulations promulgated by Landlord with respect to the parking of vehicles. Any changes the County may request regarding such license to use unreserved parking spaces shall be made by written notice to Landlord.”

12. County and Landlord agree that Article 3 of the Lease, entitled “Option to Extend Term”, will continue to apply with respect to the Leased Premises, except that the Basic Annual Rent for the Renewal Term will be the fair market rent for comparable office space in the Rockville, Maryland submarket, as determined by Landlord and set forth in the Landlord's Renewal Notice (as defined in Article 3 of the Lease).

13. Landlord recognizes JLL, as Landlord's agent, and JLL, representing County, as the sole brokers procuring this Second Amendment and shall pay said brokers a commission therefor, pursuant to a separate agreement between JLL and Landlord. County represents and warrants to Landlord that County has not employed any other broker, agent or finder, in carrying on the negotiations relating to this Second Amendment, and County will indemnify, defend and hold Landlord harmless from any claims for commissions or fees due from any person claiming to represent County other than JLL.

14. County is in possession of and has accepted the Existing Premises in its AS IS condition. Landlord is under no obligation to make any structural or other alterations, decorations, additions, improvements, renovations or other changes in or to the Existing Premises except that Landlord shall perform, using Building standard processes, materials and finishes, the following work within the Existing Premises: (a) repaint currently painted walls, (b) replace the existing carpeting, and (c) expand County's file room as more particularly described on **Exhibit D** attached hereto and incorporated herein by reference ((a), (b) and (c), collectively, the “Landlord's Renewal Work”). Landlord and County will mutually agree upon a schedule for the performance of Landlord's Renewal Work and after such agreed schedule is determined, County acknowledges and agrees that Landlord and its agents, employees and contractors shall have the right to enter the Existing Premises at any time (pursuant to the agreed schedule) from and after the Second Amendment Effective Date to perform Landlord's Renewal Work and such entry by Landlord, its agents, employees, or contractors for such purposes shall not constitute an actual or constructive eviction, in whole or in part, or entitle County to any abatement or diminution of rent, or relieve County from any obligation under this Lease, or impose any liability upon Landlord or its agents. Landlord will use commercially reasonable efforts to avoid unreasonable disruption to County's operations within the Leased Premises during the performance of Landlord's Renewal Work. Notwithstanding anything to the contrary herein, in the event County fails to allow Landlord to perform the Landlord's Renewal Work on or before the date which is twenty-four (24) months following the First Extended Lease Commencement Date, Landlord will

thereafter have no further obligation to perform Landlord's Renewal Work.

In addition, within twelve (12) months following the First Extended Lease Commencement Date, Landlord at Landlord's sole cost and expense using Building standard processes, materials and finishes, shall use commercially reasonable efforts to replace the existing roof of the Building with a new roof. Landlord and its agents, employees and contractors shall have the right to enter upon the Building at any time from and after the Second Amendment Effective Date to perform such roof replacement and such entry by Landlord, its agents, employees, or contractors for such purposes shall not constitute an actual or constructive eviction, in whole or in part, or entitle County to any abatement or diminution of rent, or relieve County from any obligation under this Lease, or impose any liability upon Landlord or its agents. Landlord will use commercially reasonable efforts to avoid unreasonable disruption or unreasonable disturbance to County's operations within the Leased Premises during the performance of such roof replacement.

15. County has personally inspected the Suite 440 Premises and accepts the same "AS IS" upon the Suite 440 Lease Commencement Date without representation or warranty by Landlord of any kind and with the understanding that Landlord shall have no responsibility with respect thereto, except that Landlord will perform, on a one-time basis using Building standard materials, finishes and processes, the following work within the Suite 440 Premises: (a) repaint the currently painted walls within the Premises, and (b) replace the existing carpeting ((a) and (b) collectively, "Landlord's Suite 440 Work"). County acknowledges and agrees that Landlord and its agents, employees and contractors shall have the right to enter the Suite 440 Premises at any time to perform Landlord's Suite 440 Work and such entry by Landlord, its agents, employees, or contractors for such purposes shall not constitute an actual or constructive eviction, in whole or in part, or entitle County to any abatement or diminution of rent, or relieve County from any obligation under this Lease, or impose any liability upon Landlord or its agents. A certificate signed by Landlord's architect stating that the improvements to be performed by Landlord were substantially completed shall be conclusive and binding upon County. County shall, at its expense and subject to review and approval of all aspects thereof (including, but not limited to, the service providers) by Landlord as provided in the Lease, be responsible for installing all voice and data wiring and cabling serving the Suite 440 Premises. Landlord will use commercially reasonable efforts to avoid unreasonable disruption to County's operations within the Leased Premises during the performance of Landlord's Suite 440 Work.

16. As of the Second Amendment Effective Date, County acknowledges that all work to be performed by Landlord under the Lease has been fully performed in accordance with the terms of the Lease and all improvement allowances provided for in the Lease have been paid to or forfeited by County. County hereby ratifies and confirms its obligations under the Lease, and represents and warrants to Landlord that it has no offset or defense thereto. County certifies that, as of the execution hereof, there are no defaults or unfulfilled obligations of County or Landlord under the Lease.

17. Amendment of Landlord's Notice and Payment Addresses. Landlord's notice and payment addresses set forth in the Lease are hereby deleted and the following are substituted in lieu thereof:

"Landlord's Notice Addresses:

BSREP II MD OFFICE JEFFERSON LLC
c/o Brookfield Property Group
750 9th Street NW, Suite 700
Washington, DC 20001
Attention: Greg Meyer

With copies to:

BSREP II MD OFFICE JEFFERSON LLC
c/o Brookfield Real Estate Opportunity Fund
Three World Financial Center
250 Vesey Street, 15th Floor
New York, NY 10281
Attention: Asset Manager

Landlord's Address for Payment of Rent:

If delivered via US Mail:

BSREP II MD OFFICE JEFFERSON LLC
P.O. Box 76139
Baltimore, Maryland 21275-6139

If delivered via overnight courier:

Lockbox Services 76139
WELLS FARGO BANK
BSREP II MD OFFICE JEFFERSON LLC
Lockbox 76139
7175 Columbia Gateway Drive
Columbia, Maryland 21046

Or such other place as Landlord may designate from time to time.”

18. County hereby covenants, warrants and represents: (1) that each individual executing or attesting and delivering this Second Amendment on behalf of County is duly authorized to do so in accordance with the organizational documents of County; (2) that this Lease is binding upon County; and (3) that the execution and delivery of this Lease by County will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, loan, credit agreement, partnership agreement or other contract or instrument to which County is a party or by which County may be bound.

19. Tax Status of Beneficial Owner. County recognizes and acknowledges that Landlord and/or certain beneficial owners of Landlord qualify as real estate investment trusts pursuant to Sections 856, et seq. of the Internal Revenue Code and that avoiding (a) the loss of such status, (b) the receipt of any income derived under any provision of the Lease, as amended, that does not constitute “rents from real property” (in the case of real estate investment trusts), and (c) the imposition of income, penalty or similar taxes (each an “Adverse Event”) is of material concern to Landlord and such beneficial owners. In the event that the Lease, as amended, or any document contemplated hereby could, in the opinion of counsel to Landlord, result in or cause an Adverse Event, County agrees to reasonably cooperate with Landlord in negotiating an amendment or modification thereof and shall at the request of Landlord execute and deliver such documents reasonably required to effect such amendment or modification.

20. This Second Amendment (including any and all exhibits, addenda and/or riders attached to this Second Amendment, each of which is hereby made a part of this Second Amendment with full force and effect as is set forth herein) contains the entire agreement of the parties in regard to the Leased Premises and this Second Amendment. Except as amended hereby, all of the terms and provisions of the Lease shall be and remain in full force and effect.

21. This agreement will not be binding upon any party until this document has been executed by all parties thereto.

[signatures appear on following page]

IN WITNESS WHEREOF, Landlord and County have executed and delivered this Second Amendment under seal on the date first above written.

Witness/Attest:

Julie L White

COUNTY:
MONTGOMERY COUNTY

By: Alex Hetch
Name: Jerome Fletcher
Title: Asst. Chief Administrative Officer
Date: 3.19.2020

APPROVED AS TO FORM AND LEGALITY OFFICE OF THE COUNTY ATTORNEY

By: Neil Anker
Name: Neal Anker
Title: Associate County Attorney
Date: 3-5-20

RECOMMENDED

By: Cynthia Brenneman
Name: Cynthia Brenneman
Title: Director Office of Real Estate
Date: 3/3/20

LANDLORD:

BSREP II MD OFFICE JEFFERSON LLC,
a Delaware limited liability company

By: Greg Meyer
Greg Meyer, Authorized Signatory
Date: 2/27/20

Witness/Attest:

Greg Meyer

EXHIBIT A-2
SUITE 440 PREMISES

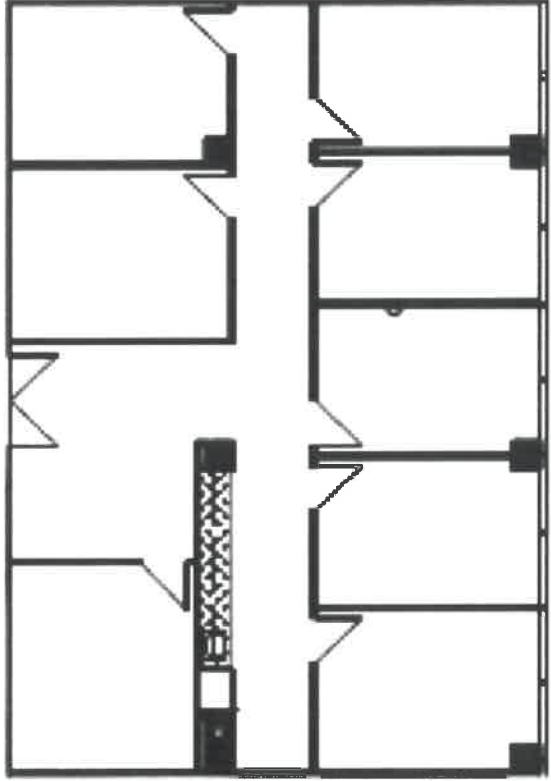
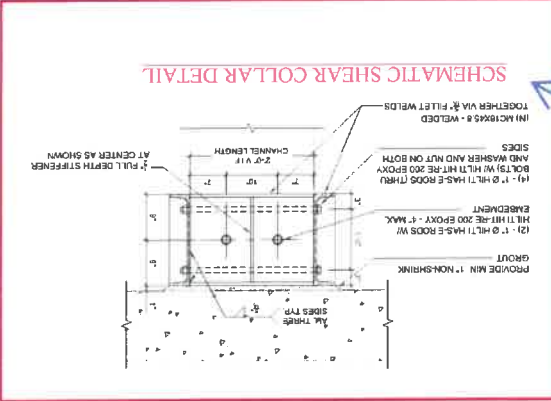
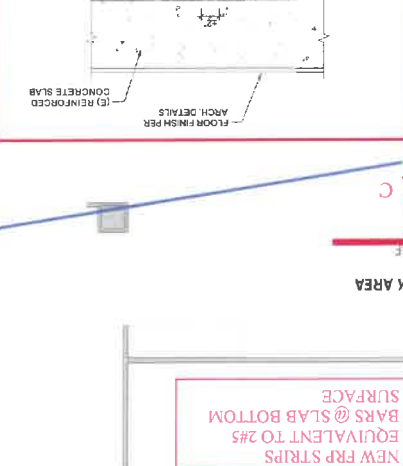
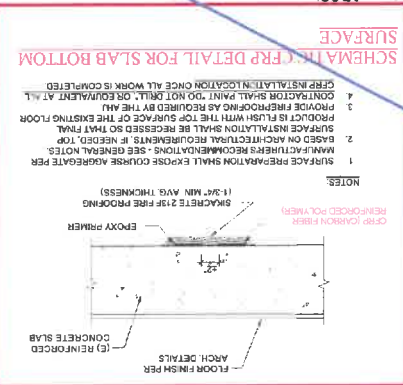
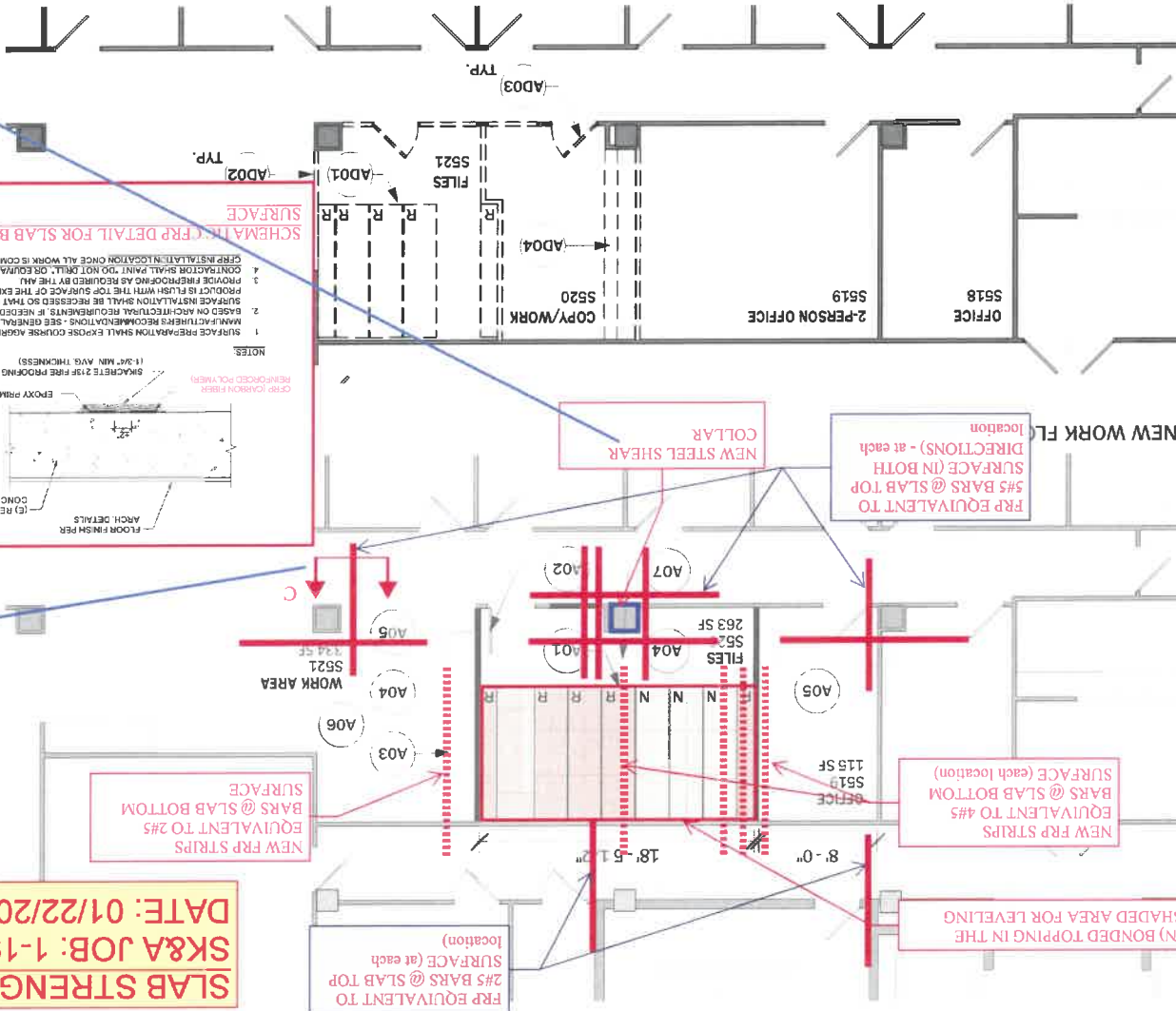


EXHIBIT D
PREMISES FILE ROOM EXPANSION DETAIL

(See following page)

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DEMOLITION FLOOR PLAN



SLAB STRENGTHENING SCHEMATIC PLAN - OPTION 2
 SK&A JOB: 1-19907-00
 DATE: 01/22/2020