

## Fill in this information to identify the case:

Debtor CBC Restaurant Corp.

United States Bankruptcy Court for the: \_\_\_\_\_ District of Delaware  
(State)

Case number 23-10245

# Official Form 410

## Proof of Claim

04/22

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

## Part 1: Identify the Claim

1. Who is the current creditor?	<u>1828 L Street Associates, LLC</u> Name of the current creditor (the person or entity to be paid for this claim)	
	Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent?	<b>Where should notices to the creditor be sent?</b> <u>1828 L Street Associates, LLC</u> <u>c/o Mitchell B. Weitzman, Esq.</u> <u>2300 N Street, NW Suite 300</u> <u>Washington, DC 20037, United States</u>  Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)  Contact phone <u>202-457-1695</u> Contact email <u>mweitzman@jackscamp.com</u>	<b>Where should payments to the creditor be sent? (if different)</b> <u>1828 L Street Associates, LLC</u> <u>c/o Tower Companies</u> <u>2000 Tower Oaks Boulevard, 9th Floor</u> <u>Rockville, MD 20852, United States</u>  Contact phone _____ Contact email _____  Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____
4. Does this claim amend one already filed?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Claim number on court claims registry (if known) <u>168</u>	
	Filed on <u>5/4/2023</u> MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	



**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

<b>6. Do you have any number you use to identify the debtor?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor:   __ __ __ __
<b>7. How much is the claim?</b>	\$ <u>180701.66</u> <b>Does this amount include interest or other charges?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
<b>8. What is the basis of the claim?</b>	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.  <u>Pre-petition claim - See attached Note</u>
<b>9. Is all or part of the claim secured?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. <b>Nature or property:</b>  <input type="checkbox"/> Real estate: If the claim is secured by the debtor's principle residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> .  <input type="checkbox"/> Motor vehicle  <input type="checkbox"/> Other. Describe: _____  <b>Basis for perfection:</b> _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)  <b>Value of property:</b> \$ _____ <b>Amount of the claim that is secured:</b> \$ _____ <b>Amount of the claim that is unsecured:</b> \$ _____ (The sum of the secured and unsecured amount should match the amount in line 7.)  <b>Amount necessary to cure any default as of the date of the petition:</b> \$ _____  <b>Annual Interest Rate</b> (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
<b>10. Is this claim based on a lease?</b>	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. <b>Amount necessary to cure any default as of the date of the petition.</b> \$ <u>180701.66</u>
<b>11. Is this claim subject to a right of setoff?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____



12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☒ No

☐ Yes. Check all that apply:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

Amount entitled to priority

\$ \_\_\_\_\_

☐ Up to \$3,350\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

\$ \_\_\_\_\_

☐ Wages, salaries, or commissions (up to \$15,150\*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

\$ \_\_\_\_\_

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

\$ \_\_\_\_\_

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

\$ \_\_\_\_\_

☐ Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.

\$ \_\_\_\_\_

\* Amounts are subject to adjustment on 4/01/25 and every 3 years after that for cases begun on or after the date of adjustment.

13. Is all or part of the claim pursuant to 11 U.S.C. § 503(b)(9)?

☒ No

☐ Yes. Indicate the amount of your claim arising from the value of any goods received by the debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

\$ \_\_\_\_\_

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☐ I am the creditor.

☒ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 07/07/2023  
MM / DD / YYYY

/s/Mitchell B. Weitzman  
Signature

Print the name of the person who is completing and signing this claim:

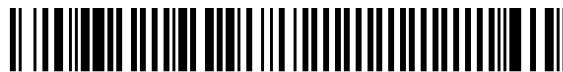
Name Mitchell B. Weitzman  
First name Middle name Last name

Title Counsel for Claimant

Company Jackson and Campbell, P.C.  
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address \_\_\_\_\_

Contact phone \_\_\_\_\_ Email \_\_\_\_\_



# KCC ePOC Electronic Claim Filing Summary

For phone assistance: Domestic (877) 725-7534 | International (424) 236-7243

<b>Debtor:</b> 23-10245 - CBC Restaurant Corp. <b>District:</b> District of Delaware		
<b>Creditor:</b> 1828 L Street Associates, LLC c/o Mitchell B. Weitzman, Esq. 2300 N Street, NW Suite 300  Washington, DC, 20037 United States <b>Phone:</b> 202-457-1695 <b>Phone 2:</b>  <b>Fax:</b> 202-457-1678 <b>Email:</b> mweitzman@jackscamp.com	<b>Has Supporting Documentation:</b> Yes, supporting documentation successfully uploaded <b>Related Document Statement:</b>	
	<b>Has Related Claim:</b> No <b>Related Claim Filed By:</b>	
	<b>Filing Party:</b> Authorized agent	
<b>Disbursement/Notice Parties:</b> 1828 L Street Associates, LLC c/o Tower Companies 2000 Tower Oaks Boulevard, 9th Floor  Rockville, MD, 20852 United States <b>Phone:</b>  <b>Phone 2:</b>  <b>Fax:</b>  <b>E-mail:</b>  <b>DISBURSEMENT ADDRESS</b>		
<b>Other Names Used with Debtor:</b>	<b>Amends Claim:</b> Yes - 168, 5/4/2023 <b>Acquired Claim:</b> No	
<b>Basis of Claim:</b> Pre-petition claim - See attached Note	<b>Last 4 Digits:</b> No	<b>Uniform Claim Identifier:</b>
<b>Total Amount of Claim:</b> 180701.66	<b>Includes Interest or Charges:</b> No	
<b>Has Priority Claim:</b> No	<b>Priority Under:</b>	
<b>Has Secured Claim:</b> No <b>Amount of 503(b)(9):</b> No <b>Based on Lease:</b> Yes, 180701.66 <b>Subject to Right of Setoff:</b> No	<b>Nature of Secured Amount:</b> <b>Value of Property:</b> <b>Annual Interest Rate:</b> <b>Arrearage Amount:</b> <b>Basis for Perfection:</b> <b>Amount Unsecured:</b>	
<b>Submitted By:</b> Mitchell B. Weitzman on 07-Jul-2023 2:49:33 p.m. Eastern Time <b>Title:</b> Counsel for Claimant <b>Company:</b> Jackson and Campbell, P.C.		

**Attachment to Amended Proof of Claim**  
**July 7, 2023**

**Note re Amended Claim**

Claimant filed the initial Proof of Claim on May 4, 2023, which is limited to pre-petition sums owed by Debtor, as guarantor or surety, under the Assignment of Lease dated July 1, 2022 as approved by Claimant on July 6, 2022. Under the Assignment of Lease, Debtor transferred possession of certain non-residential leased premises, but remained liable following assignment.

The Amended Proof of Claim updates sums owed since the date of petition, which may be classified as an administrative claim under Section 503(b) of the United States Bankruptcy Code and separately asserted as such by motion, in which case this Amended Proof of Claim will be modified or withdrawn, leaving the initial Proof of Claim in place. Prior to filing this Amended Claim, Claimant advised Debtor's counsel of this approach.

This claim, as amended, is in the nature of a guaranty or surety, and arose pre-petition, however the total due increases over time.

RETAIL LEASE AGREEMENT

BETWEEN

1828 L STREET ASSOCIATES LIMITED PARTNERSHIP

AND

~~MAGGIANO'S/CORNER BAKERY, L.P.,~~  
~~a Texas limited partnership~~ t/a CORNER BAKERY CAFÉ  
MAGGIANO'S/CORNER BAKERY HOLDING CORPORATION,  
a Delaware corporation

*J. J. Corn*

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1828 L STREET  
RETAIL LEASE AGREEMENT

MAGGIANO'S CORNER BAKERY HOLDING CORPORATION,  
a Delaware corporation

THIS RETAIL LEASE AGREEMENT is made and entered into this 30<sup>th</sup> day of January, 2001 (the "Effective Date") by and between (i) 1828 L STREET ASSOCIATES LIMITED PARTNERSHIP (hereinafter referred to as "Lessor"); and (ii) ~~MAGGIANO'S CORNER BAKERY L.P., a Texas limited partnership~~ (hereinafter referred to as "Lessee"), and referred to by singular pronouns of the neuter gender, regardless of the number and gender of the parties involved.

WITNESSETH: Upon and subject to the terms of this Lease, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Leased Premises, for the Term (as defined below), except that Lessor reserves and Lessee shall have no right in and to (a) the ownership and use of the exterior faces of all perimeter walls of the Building, (b) the ownership and use of the roof of the Building, or (c) the ownership and use of the air space above the Building.

1. Definitions.

(a) Special Lease Definitions. As used in this Lease the following words and phrases shall have the meanings indicated:

(1) Advance Deposit: None.

(2) Basic Rent: Commencing on the Rent Commencement Date as set forth in Section 1(a)(17) and continuing thereafter for each of the first, second and third Lease Years, Lessee shall pay Basic Rent to Lessor at an annual rate of \$43.00 per rentable square foot. At the beginning of the fourth Lease Year, such Basic Rent shall be increased to an annual rate of \$47.30 per rentable square foot (i.e., 110% of the Basic Rent payable during the previous Lease Year), which shall continue in effect for each of the fourth, fifth, sixth and seventh Lease Years. At the beginning of the eighth Lease Year, such Basic Rent shall be increased to an annual rate of \$52.03 per rentable square foot (i.e., 110% of the Basic Rent payable during the previous Lease Year), which shall continue in effect for each of the eighth, ninth and tenth Lease Years. If the Lessee exercises its first renewal option set forth in Section 28, then at the beginning of the eleventh Lease Year, such Basic Rent shall be increased to an annual rate of \$57.23 per rentable square foot (i.e., 110% of the Basic Rent payable during the previous Lease Year), which shall continue in effect for each of the eleventh, twelfth, thirteenth, fourteenth and fifteenth Lease Years. If the Lessee exercises its second renewal option set forth in Section 28, then at the beginning of the sixteenth Lease Year, such Basic Rent shall be increased to an annual rate of \$62.95 per rentable square foot (i.e., 110% of the Basic Rent payable during the previous Lease Year), which shall continue in effect for each of the sixteenth, seventeenth, eighteenth, nineteenth and twentieth Lease Years.

The provisions of this subsection (a)(2) are reflected in the following table, which assumes that Lessee will have exercised both its first renewal option (Lease Years 11-15) and its second renewal option (Lease Years 16-20) (see Section 28):

<u>Lease Years</u>	<u>Amount/\$/Sq Ft</u>	<u>Amount/Yr</u>	<u>Amount/Mo</u>
1-3	\$43.00	\$146,070.96	\$12,172.58
4-7	\$47.30	\$160,678.08	\$13,389.84
8-10	\$52.03	\$176,745.96	\$14,728.83
11-15 (1 <sup>st</sup> Extension)	\$57.23	\$194,410.32	\$16,200.86
16-20 (2 <sup>nd</sup> Extension)	\$62.95	\$213,841.15	\$17,820.10

(3) Building: The existing office building located at 1828 L Street, NW, Washington, DC 20036.

(4) Initial Term: The period commencing on the Lease Commencement Date and ending on the last day of the calendar month which completes ten (10) years and none (0) full months thereafter.

(5) Lessor's Notice Address: c/o The Tower Companies, 11501 Huff Court, North Bethesda, Maryland 20895.

(6) Lease Commencement Date: The date (which shall be no earlier than January 1, 2001) that Lessor delivers the Leased Premises to Lessee ready for the commencement of construction of Lessee's tenant improvements. Lessor shall give Lessee at least thirty (30) days prior written notice of such delivery date.

(7) Leased Premises: The space, located on the first or ground floor of the Building, which is outlined in red on the floor plan attached as Exhibit A to this Lease. The square footage of the Leased Premises is approximately 3,397 rentable square feet. Subject to applicable laws, Lessee shall also be permitted the use of an area adjacent to the Leased Premises for outdoor patron seating; such area shall be located on the sidewalk area facing 19<sup>th</sup> Street and the front of the Premises, and shall be limited to a width equal to the storefront of the Premises. See Outdoor Café Addendum. The term "Premises" and Leased Premises are used interchangeably in this Lease.

Within thirty (30) days after Lessee completes the demising wall to the Leased Premises, Lessor and Lessee shall determine the actual, as-built leasable floor area of the Leased Premises, which area shall be the actual, as-built number of square feet of leasable floor area within the Leased Premises as measured in accordance with the Washington D.C. Realtors Association measurement standards. If the parties cannot agree upon the measurement within fifteen (15) days, the dispute shall be resolved by an independent architect or engineer to be mutually agreeable to Lessor and Lessee, the cost of whose service shall be shared equally by Lessor and Lessee. If the leasable area of the Premises is determined to be different than that set forth above, within ten (10) business days after such determination is made, Lessor and Lessee shall execute an appropriate amendment to this Lease modifying the size of the Premises and the Rent.

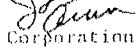
(8) Leasing Broker: Transwestern Carey Winston, 1667 K Street, NW, Suite 300, Washington, DC 20006, Attn: Len Harris; and Eisner Co., 4733 Bethesda Avenue, Suite 500, Bethesda, MD 20814, Attn: Marc Ratner.

(9) Utility Usage Charges:

(A) Natural gas, electricity and water/sewer service and water condensor will be provided to the Leased Premises by Lessor, but Lessee will, as a part of Lessee's Work, install at its expense submeters in locations to be designated by Lessor, the same to measure the gas, electricity and water/sewer usage within the Leased Premises. Lessor will arrange for any utilities that Lessee cannot obtain without Lessor's assistance but Lessor shall be responsible for arranging at Lessee's cost and expense for any utilities that Lessee cannot obtain directly from any utility company. Lessor will cause the gas, electric and water/sewer submeters to each be read at periodic intervals throughout the Term and will invoice Lessee annually for its gas, electricity and water/sewer usage based upon the rates charged by Washington Gas Company, Potomac Electric Power Company and by the District of Columbia government, respectively, and the readings of each respective submeter. Lessee will, as an Additional Charge hereunder and within twenty (20) days after each such invoice is rendered by Lessor, pay for its gas, electric and water/sewer usage in the amount shown on such invoice. Any utilities provided to the Leased Premises by Lessor shall be available twenty-four hours per day, seven days a week. In connection with Lessee's improvements to the Leased Premises, Lessee shall be responsible, at Lessee's cost and expense, for installing exhaust lines through the adjacent premises in a location acceptable to Lessor and the adjacent tenant. Lessor will cooperate with Lessee in obtaining access to the adjacent premises. Lessee shall be responsible for all utilities from the Lease Commencement Date.

(B) Notwithstanding the foregoing provisions of this subsection (a)(9), Lessee agrees that it will use reasonable efforts to become a direct customer of the provider of all such utilities and will make arrangements for the installation of utility meters in places in the Building which are reasonably acceptable to Lessor and to the respective public utilities. With respect to each public utility for which Lessee does in fact become a direct customer, the provisions of paragraphs (A) and (B) of this subsection (a)(9) shall not apply and Lessee shall promptly pay all utility charges for those utilities for which it becomes a direct public utility customer.

(10) Security Deposit: None

(11) Lessee's Notice Address:   
Maggiaro's/Corner Bakery Holding Corporation  
Maggiaro's/Corner Bakery, L.P.  
c/o Brinker International, Inc.  
6820 LBJ Freeway, Dallas, Texas 75240  
Attn: General Counsel  
Corner Bakery # \_\_\_\_ (19th & L Street, Washington, D.C.).

With statements and billings to:  
Brinker International, Inc.  
6820 LBJ Freeway, Dallas, Texas 75240  
Attn: Property Accounting  
Corner Bakery # \_\_\_\_ (19th & L Street, Washington, D.C.).

(12) Lessee's Proportionate Share: 1.14% (The percentage that the area of the Leased Premises (see subparagraph (7) above) bears to 281,504 square feet, which as of the date hereof is the rentable space contained in the Building.)

(13) Percentage Rent: Lessee shall pay to Lessor Percentage Rent each Lease Year in an amount equal to four percent (4%) (the "Percentage Rent Rate") times the amount of Gross Sales made during such Lease Year in excess of the Percentage Rent Base, as more fully set forth in Section 3(c) herein.

(14) Percentage Rent Base: The Percentage Rent Base throughout the Term which shall be as follows: Years 1-3: \$2,599,128.00; Years 4-7: \$2,859,040.00; Years 8-10: \$3,144,945.00; First Option Period: \$3,454,454.00; and Second Option Period: \$3,805,002.00.

(15) Lessor's Insurance Premiums: Lessee will pay as an Additional Charge hereunder Lessee's Proportionate Share of Lessor's Insurance Premiums, as more fully provided in Section 3(c).

(16) Real Estate Taxes: Lessee will pay as an Additional Charge hereunder Lessee's Proportionate Share of Real Estate Taxes, as more fully provided in Section 3(b). Beginning with the Rent Commencement Date and continuing monthly thereafter until the statement of Lessee's Proportionate Share of Real Estate Taxes for the fiscal year ending September 30, 2001 is rendered by Lessor to Lessee pursuant to the provisions of Section 3(b), Lessee shall pay to Lessor, monthly in advance on the first day of each month, the sum of \$815.28 per month as an advance payment against Lessee's Proportionate Share of Real Estate Taxes for the portion of such fiscal year as shall be included within the Initial Term. Such advance payments shall be credited against Lessee's Proportionate Share of Real Estate Taxes as determined pursuant to the provisions of Section 3(b). Provided, however, Lessor's invoices to Lessee in respect of Lessee's pro-rata share of Real Estate Taxes shall not exceed \$3.03 per rentable square foot for the first Lease Year.

(17) Rent Commencement Date: One hundred fifty (150) days ("Fixturing Period") after Lessee obtains a building permit for Lessee's Work, as defined in Section 2, or the date on which Lessee opens for business, whichever occurs first. If a Certificate of Occupancy will not issue by reason of any condition of the Building attributable to Lessor, then it shall be the responsibility of Lessor to remedy the situation so as to enable Lessee to secure the Certificate of Occupancy and the Rent Commencement Date shall not commence until a temporary or permanent Certificate of Occupancy is obtained.

(b) General Definitions. As used in this Lease the following words and phrases shall have the meanings indicated:

(1) Additional Charges: All amounts payable by Lessee to Lessor under this Lease other than the Basic Rent, including but not limited to Lessee's Proportionate Share of Real Estate Taxes (Section 1(a)(16)), Lessee's Proportionate Share of Lessor's Insurance Premiums (Section 1(a)(15)), and the Utility Usage Charges set forth in Section 1(a)(9), as well as other amounts referred to as "additional rent." All Additional Charges shall be deemed to be additional rent and all remedies applicable to non-payment of Basic Rent shall be applicable thereto.

(2) Intentionally Omitted.

(3) Intentionally Omitted.

(4) Intentionally Omitted.

(5) Event of Default: See Section 15.

(6) Lease Year: The period of 12 months commencing on the Lease Commencement Date and ending on the last day of the month which completes 12 full calendar months after the Lease Commencement Date, and each 12-month period thereafter commencing on the first day after the end of the immediately preceding Lease Year.

(7) Mortgage or Mortgagee: The word "mortgage" shall mean any mortgage or deed of trust, and the word "mortgagee" shall mean the holder of any mortgage or the beneficiary of any deed of trust.

(8) Person: The word "person" shall mean a natural person, a partnership, a corporation and any other form of business or legal association or entity.

(9) Prime Rate: The words "Prime Rate" shall mean the prime rate of interest charged from time to time by First Union National Bank of Virginia or its successor on commercial loans having a 90-day duration.

(10) Real Estate Taxes: All taxes, assessments, water and sewer rents, if any, vault rents, if any, and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, levied or assessed upon or with respect to the ownership of and/or all other taxable interests in the Building imposed by any public or quasi-public authority having jurisdiction. Except for taxes, fees, charges and impositions described in the next succeeding sentence, Real Estate Taxes shall not include any inheritance, estate, succession, transfer, gift, income or profit tax or capital levy, nor penalties, late fees, or other such charges incurred by Lessor. If at any time during the Term the methods of taxation shall be altered so that in lieu of or as a substitute for the whole or any part of any Real Estate Taxes levied, assessed or imposed, or an increase thereof, there shall be levied, assessed or imposed (i) a tax, license fee, excise or other charge on the rents received by Lessor, or (ii) any other type of tax or other imposition in lieu of, or as a substitute for, the whole or any portion of any Real Estate Taxes, or an increase thereof, then the same shall be included as Real Estate Taxes. A tax bill or true copy thereof, together with any explanatory or detailed statement of the area or property covered thereby, submitted by Lessor to Lessee shall be prima facie evidence of the amount of taxes assessed or levied, as well as of the items taxed. If any real property tax or assessment levied against the land, buildings or improvements covered hereby or the rents reserved therefrom, shall be evidenced by improvement or other bonds, or in other form, which may be paid in annual installments, only the amount paid or payable in any Lease Year shall be included as Real Estate Taxes for that Lease Year for purposes of this Section 1(b) (10). Lessor will use all reasonable efforts (including, without limitation, asserting and prosecuting diligently appropriate proceedings to lower the tax assessment applicable to the Building) to cause Real Estate Taxes to be as low as is reasonably possible. If any Taxes paid in or with respect to any part of the Term are refunded, rebated, returned or allowed as a credit or offset to Taxes for any other period, Lessor will cause Lessee to be paid or credited Lessee's Proportionate Share thereof. The reasonable cost, including reasonable attorney's fees, of contesting any tax assessment or tax bill will be included in Real Estate Taxes in the year paid or incurred. The provisions of the preceding three sentences will survive any expiration or termination of this Lease.

(11) Requirements: All laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, and the appropriate agencies, offices, departments, boards and commissions thereof, and the board of fire underwriters and/or the fire insurance rating organization or similar organization performing the same or similar functions, whether now or hereafter in force, applicable to the Building or any part thereof and/or the Leased Premises, and notices from Lessor's mortgagee, as to the manner of use or occupancy or the maintenance, repair or condition of the Leased Premises and/or the Building to the extent consistent with Lessee's obligations under this Lease, and the requirements of the carriers of all fire insurance policies maintained by Lessor on the Building.

(12) Term: The Initial Term and the extended term(s), if any, as to which Lessee shall have effectively exercised any right to extend, but in any event the Term shall end on any date when this Lease is sooner terminated.

(13) Lessor's Insurance Premiums: Lessor's Insurance Premiums shall consist of the premiums for fire, general liability, excess general liability, boiler, workmen's compensation, crime policy, Real Estate Manager's errors and omissions, and Employment Practices Liability, together with any additional insurance customarily carried by owners of first class office buildings in the downtown Washington, DC central business district.

(14) Lessor's Insurance: At all times during the term of this Retail Lease Agreement, Lessor shall keep, at a minimum, all improvements (exclusive of fixtures, furniture, equipment and personal property owned by occupants of the Building) insured for the benefit of Lessor against loss or damage by risks now covered under Special Form-Causes of Loss Insurance (or any equivalent that is a replacement to such insurance) and against such other risks as Lessor from time to time reasonably may designate in amounts sufficient to prevent Lessor from becoming a co-insurer under the terms of the applicable policies. In any event, the amount applicable to such property insurance shall be not less than the "Then Full Replacement Cost" (being the cost of replacing the Improvements exclusive of the costs of excavations and footings below the lowest grade level). Throughout the term of this Retail Lease Agreement, Lessor shall maintain, at a minimum, personal injury and property damage liability insurance against claims for personal injury, death or property damage occurring, in or about the Building (exclusive of the Leased Premises) in an amount reasonably designated by Lessor, but in no event less than that required by any mortgage.

2. Delivery of Possession; Lessee's Work.

(a) Possession of the Leased Premises shall be deemed delivered to Lessee as of the date (which shall be at least 30 days following the date of the below described notice) specified in a notice in writing from Lessor to Lessee that the Leased Premises will be available for the commencement of Lessee's Work. Before delivering possession of the Leased Premises to Lessee, Lessor will at its cost complete "Lessor's Work," which is defined on Exhibit B-1 attached hereto and made a part hereof. Lessee agrees to construct its own alterations, additions and improvements (herein referred to as "Lessee's Work") to the Leased Premises, subject to the requirements of Section 2 (c) and 9. Lessor's Work shall be performed in accordance with all applicable laws. Lessee's drawings and specifications for its leasehold improvements and the outside Café Area shall be prepared by Lessee's own architects and engineers, at Lessee's expense, but shall be subject to the approval of the Lessor, which approval will not unreasonably be withheld, delayed or conditioned by Lessor pursuant to Section 2 (c) below. Lessor represents that electric, water and sewer lines will be brought to the Leased Premises by Lessor. Lessor represents that as of the date hereof, Lessor has not received notice of any building code violations for the Leased Premises and that Lessor shall remain responsible for remediating any asbestos existing in the Leased Premises as of the date hereof to the full extent required by law.

(b) If Lessor shall be unable to deliver possession of the Leased Premises (including, delivery on the date, if any, specified in this Lease) for any reason, Lessor shall not be subject to any liability for failure to deliver possession; under such circumstances, the Basic Rent and all other rent and Additional Charges reserved and covenanted to be paid herein shall be abated until possession of the Leased Premises is delivered by Lessor to Lessee, or until such later date after the date of delivery of possession specified in this Lease, and no such failure to deliver possession shall in any other manner affect the validity of this Lease or the obligations of Lessee hereunder. Notwithstanding anything to the contrary in this Lease, should such delivery of possession not be effected by June 30, 2001 for any reason, then this Lease shall, at the option of either Lessor or Lessee on written notice to the other, other than for the repayment of any prepaid rent paid to Lessor, become void and both parties hereto shall be relieved of all obligations; moreover, if the term of this Lease shall not have commenced within three (3) years of the date hereof for any reason, then this Lease shall automatically become void and both parties hereto shall be relieved of all obligations.

(c) (1) Lessee's Plans. (a) Within thirty (30) days from the date hereof, Lessee, at Lessee's sole cost and expense, shall submit to Lessor one (1) reproducible set and at least two (2) copies of plans and specifications, prepared by architects and engineers licensed in Washington D.C. showing all of Lessee's Work to be performed within the Leased Premises and the Outside Café ("Lessee's Plans"). Lessee's Plans shall include such improvements, fixtures and finishes in the Premises necessary to construct and operate a Corner Bakery.

(b) Lessor shall review Lessee's Plans and, within fifteen (15) days from receipt of Lessee's Plans, Lessor shall notify Lessee if Lessee's Plans meet with Lessor's approval, which approval shall not be unreasonably withheld, except that Lessor may withhold its approval in its sole and absolute discretion with respect to any proposed alterations to the exterior of the Premises or any structural alterations to the

Premises. Provided that Lessee's transmittal letter conspicuously states in BOLD LETTERING THAT LESSOR'S FAILURE TO RESPOND WITHIN FIFTEEN (15) DAYS SHALL BE DEEMED TO BE AN APPROVAL OF THE ENCLOSED PLANS, IF LESSOR FAILS TO RESPOND WITHIN SUCH PERIOD OF TIME, LESSOR SHALL BE DEEMED TO HAVE APPROVED LESSEE'S PLANS.

(c) Lessee shall within fifteen (15) days after receipt of any comments from Lessor to Lessee's Plans shall cause Lessee's Plans to be revised to the extent necessary to obtain Lessor's approval and resubmitted for Lessor's approval.

(d) When Lessor has approved the original or revised Lessee's Plans, Lessor shall initial and return one (1) set of approved Lessee's Plans to Lessee.

(2) Permits. Within five (5) business days after the date Lessor approves Lessee's Plans ("Permit Filing Date"), Lessee shall, at Lessee's own expense, promptly apply for any and all permits, licenses and approvals ("Permits") required to permit Lessee to perform Lessee's Work. Lessee shall give Lessor written notice of (i) the actual Permit filing date, together with a dated stamped copy of the first page of Lessee's application from the applicable governmental agencies showing the actual Permit filing date and (ii) the actual date Lessee obtains its Permits, which notice shall be accompanied by a copy of such Permit. Lessor agrees to reasonably cooperate with Lessee, at no cost to Lessor, as may be necessary for Lessee to obtain such Permits. If Lessee fails to timely submit Lessee's Plans for approval, or to resubmit the same within fifteen (15) days after receiving any comments from Lessor, or if Lessee fails to submit its application for Permits on or before the Permit Filing Date the Fixturing Period provided for in Section 1 (b) (17) shall be reduced by one day for each day of delay in submitting or resubmitting Lessee's Plans or filing for Permits. If Lessee has timely submitted and resubmitted Lessee's Plans to Lessor for approval and for Permits as required above and Lessee fails to diligently pursue or obtain all such Permits within one hundred twenty (120) days after the Permit Filing Date, Lessor shall have the right, but not the obligation, to pursue such Permits on Lessee's behalf and at Lessee's expense. If Lessee fails to obtain all such Permits within one hundred fifty (150) days after the Permit Filing Date, Lessor shall have the right to terminate this Lease by giving notice of such election to terminate; provided, however, Lessor's notice to terminate shall be null and void and this Lease shall continue in full force and effect if Lessee advises Lessor within ten (10) days of receiving Lessor's termination notice that Lessee has either obtained such Permits or waives its right to obtain the same. If Lessee waives its right to obtain such Permits, the Fixturing Period shall be deemed to have commenced as of the date Lessor's termination notice was given. Provided that (i) Lessee has timely submitted and resubmitted Lessee's Plans to Lessor for approval and its application for Permits as provided for above, (ii) Lessee has responded to any comments or other action by the applicable governmental agencies within seven (7) days from Lessee's oral or written notice of said comments or other action, as the case may be; (iii) Lessee has kept Lessor advised of Lessee's progress in obtaining the Permits, and (iv) Lessee has used good faith efforts to obtain the same, if Lessee fails to obtain all such Permits within one hundred fifty (150) days after the Permit Filing Date Lessee shall have the right to terminate this Lease by giving notice of such election to terminate to Lessor; provided, however, Lessee's notice to terminate shall be null and void and this Lease shall continue in full force and effect if Lessor advises Lessee within ten (10) days of receiving Lessee's termination notice that Lessor obtained such Permits for Lessee.

(3) Lessee Improvements. Promptly after delivery of possession of the Leased Premises to Lessee, and provided Lessee's Plans shall have been approved by Lessor as provided in Sections 2 (c) (2) and 9, and provided further, that all necessary permits have been obtained, Lessee shall: (a) commence the Lessee's Work; (b) commence the installation of fixtures and equipment in the Leased Premises; (c) diligently and continuously proceed with all of the foregoing to completion in accordance with this Lease; and (d) obtain all necessary occupancy permits and governmental approvals for use and occupancy; all to the end that Lessee shall open the Leased Premises for business to the public, fully fixtured and merchandised, on or before the Rent Commencement Date.

(d) Lessee shall select a general contractor to construct its leasehold improvements based upon the approved working drawings. Such selection of a general contractor, together with the selection of the fire and life safety, mechanical and electrical subcontractors, shall be subject to the Lessor's prior written approval, such approval not to unreasonably be withheld, conditioned or delayed by Lessor. Upon the approval of a general contractor and fire and life safety, mechanical and electrical subcontractors, the Lessee shall authorize such general contractor to proceed forthwith with the construction of such tenant improvements in accordance with the approved working drawings, and Lessor shall have no responsibility to Lessee for prosecuting such work. Any such general contractor will be required to obtain builders' risk and commercial general liability insurance in commercially reasonable amounts naming Lessor as an additional

insured, and Lessor will be provided with a certificate or certificates of such insurance which will provide, inter alia that such insurance may be canceled only upon 30 days prior written notice to Lessor. All such work shall be performed by Lessee in accordance with the provisions of Section 9. Lessee shall be responsible for obtaining, at its expense, any and all building permits and any and all use and occupancy permits for the Leased Premises. If requested to do so, Lessor shall assist Lessee in obtaining permits and approvals, and Lessor's out-of-pocket costs incurred in so doing shall be included in the cost of the work.

(e) Lessee shall be responsible for the cost of all of the work of constructing such tenant improvements and for the cost of all consultant and design fees incurred in preparing and revising working drawings plus constructing a demising wall for the Leased Premises on Lessor's behalf. The Lessor will provide Lessee with a cash allowance of \$25.00 per rentable square foot towards the cost of leasehold improvements plus the reasonable cost for constructing the demising wall on Lessor's behalf. Such cash allowance shall be disbursed by Lessor within sixty (60) days after the last to occur of the following: (a) Lessee's improvements shall have been substantially completed as evidenced by a Certificate of Occupancy; and (b) Lessee shall have opened the Leased Premises for business as provided in this Lease.

(f) Lessor shall cooperate with Lessee's contractors to facilitate the work being undertaken by Lessee pursuant to this Section 2, including but not limited to facilitating access to the Leased Premises and premises above and below as well as the Building's core areas to facilitate Lessee's construction via the Building common areas during reasonable times, subject to the rules and regulations set forth on Exhibit B-2 hereto and made a part hereof and to such reasonable non-arbitrary amendments of those rules and regulations as Lessor may promulgate pursuant to Section 8. During the anticipated construction period, access to the Leased Premises by Lessee's contractors will, unless different hours are scheduled in advance on each occasion with Lessor's Property Management Department, be limited to the hours of 7:00 am to 6:00 pm, Monday through Friday, excluding Veterans' Day, Thanksgiving Day, Christmas Day, New Year's Day, Presidents Day, Memorial Day, Independence Day and Labor Day; provided, however, Lessor agrees that such portion of the work as is likely to annoy other tenants with noise and vibration, such as core drilling, may be scheduled for weekends or after regular business hours on 24 hours notice to Lessor's agent's property management department.

(g) Lessor shall have no responsibility or liability whatsoever, except for gross or willful negligence, for any loss of, or damage to, any fixtures, equipment, merchandise or other property belonging to Lessee installed or left in the Leased Premises during construction of Lessee's restaurant. Any trade fixtures, signs (including exterior fascia signs) and other personal property of Lessee not permanently affixed to the Leased Premises shall, throughout the Term, be and remain the property of Lessee subject to the rights of Lessor with respect thereto as may hereinafter be provided.

(h) Within 30 days after the Lease Commencement Date and again within 30 days after the Rent Commencement Date, Lessor and Lessee shall, at the request of either of them, execute a written instrument (in the form of Exhibit D attached hereto) setting forth the precise dates of commencement and expiration of the Term and the date for the commencement of rental payments.

(i) Notwithstanding anything to the contrary in this Lease but subject to Section 17 or otherwise subsequently agreed to by the parties in writing, any exhibits attached hereto, or any other documents incorporated herein, Lessee shall not be required to pay or reimburse Lessor for any of Lessor's Work or under this Lease to be performed by Lessor at Lessee's expense (commonly referred to as "Construction Chargebacks") and Lessor hereby waives all such Construction Chargebacks. Furthermore, Lessee shall not be charged for any hoisting fee or any other chargeback expense during Lessee's construction of Lessee's work; provided, however, this provision shall not be deemed to relieve Lessee of any damages incurred by Lessor as a result of Lessee's Work or to preclude Lessor from doing work on behalf of Lessee and at Lessee's cost in the event of an emergency.

### 3. Rent and Additional Charges; Computation of Real Estate Taxes and Insurance Premiums.

(a) Payment of Rent and Additional Charges. Lessee shall pay the Basic Rent and Additional Rent in equal monthly installments, and shall pay the monthly Utility Usage Charge, in advance on the first day of each month during the Term, except that if the Rent Commencement Date is not the first day of a month, Basic Rent for the period commencing on the Rent Commencement Date and ending on the last day of the month in which the Rent Commencement Date occurs shall be prorated for each day at the rate of one thirtieth (1/30) of the full monthly installment of Basic Rent and paid on the Rent Commencement Date. Lessee shall pay Percentage Rent as provided in Section 3(c) hereon. Lessee shall pay Lessee's

Proportionate Share of Lessor's Insurance Premiums as provided in Sections 1(a)(15) and 3(d) herein. Lessee shall pay Lessee's Proportionate Share of Real Estate Taxes as provided in Sections 1(a)(16) and 3(b) herein. The Basic Rent, Percentage Rent, Additional Rent and all Additional Charges shall be paid promptly when due, in lawful money of the United States, without notice or demand and without deduction, diminution, abatement, counterclaim or setoff of any amount or for any reason whatsoever, to Lessor at Lessor's Notice Address or at such other address or to such other person as Lessor may from time to time designate. If Lessee makes any payment to Lessor by check, same shall be by check of Lessee only, and Lessor shall not be required to accept the check of any other person, and any check received by Lessor shall be deemed received subject to collection. If any check is mailed by Lessee, Lessee shall post such check in sufficient time prior to the date when payment is due so that such check will be received by Lessor on or before the date when payment is due. Lessee shall assume the risk of lateness or failure of delivery of the mails. If, during the Term, Lessor receives two or more checks from Lessee which are returned by Lessee's bank for insufficient funds or are otherwise returned unpaid, Lessee agrees that all checks thereafter shall be either bank certified or bank cashier's checks. All bank service charges resulting from any bad checks shall be borne by Lessee. The rent reserved under this Lease shall be the total of all Basic Rent, Percentage Rent, Additional Rent and Additional Charges, increased and adjusted as elsewhere herein provided, payable during the entire Term and, accordingly, the methods of payment provided for herein, namely, annual and monthly rental payments, are for convenience only and are made on account of the total rent reserved hereunder.

Notwithstanding anything in this Lease to the contrary, Basic Rent and Percentage Rent are the only terms used herein to characterize true and actual rental payments made by Lessee to Lessor. Charges other than Basic Rent and Percentage Rent are characterized as Additional Rent for the sole purpose of granting to Lessor all the statutory and other remedies for nonpayment thereof which are available for nonpayment of rent. Lessor makes no warranty or representations concerning the tax treatment of this Lease.

(b) Computation of Real Estate Taxes.

(1) Lessor shall submit to Lessee at appropriate times during the Term a statement of the Real Estate Taxes levied or assessed with respect to the Building for a fiscal year, the amounts paid by Lessee pursuant to Section 3(b)(2) with respect to such fiscal year and the amount, if any, due to Lessor from Lessee pursuant to Section 1(a)(16) for such fiscal year on account of Lessee's Proportionate Share of Real Estate Taxes. Such statement shall constitute a final determination between the Lessor and the Lessee for the period represented thereby (subject to later adjustment for abatement or refund of Real Estate Taxes obtained by the Lessor or in connection with Lessee's right of inspection as set forth below), and Lessee shall make full payment of Lessee's Proportionate Share of such Real Estate Taxes within ten (10) days after receipt of such statement.

(2) Upon the rendering of a statement by Lessor to Lessee on account of Real Estate Taxes, (i) Lessee shall also pay to Lessor, as additional rent, within ten (10) days after receipt of such statement, an amount equal to Lessee's Proportionate Share of the difference between (a) the product obtained by multiplying the total amount of Real Estate Taxes for the preceding fiscal year by a fraction, the denominator of which shall be 12 and the numerator of which shall be the number of months of the current fiscal year within the Lease Term which shall have elapsed prior to the first day of the month immediately following the rendition of such statement, and (b) the sum of all previous payments (if any) made by the Lessee with respect to such prior months in the current fiscal year on account of Real Estate Taxes, including but not limited to amounts paid by Lessee pursuant to the provisions of Section 1(a)(16); and (ii) Lessee shall also pay to Lessor as additional rent commencing as of the first day of the first month that follows the rendition of such statement (but not sooner than ten (10) days) and on the first day of each month thereafter until a new statement is rendered, 1/12th of the total amount of Lessee's Proportionate Share of Real Estate Taxes for the preceding year. The payments required to be made under (i) and (ii) above shall be credited toward the total amount due from Lessee for the current year on account of Real Estate Taxes, subject to adjustment as and when the statement for such current year is rendered by Lessor. On the Rent Commencement Date and on the first day of each month thereafter until the rendering of the first such statement by Lessor to Lessee, the Lessee shall pay to Lessor as additional rent on account of estimated Real Estate Taxes for such period, an amount equal to one-twelfth (1/12th) of what would have been Lessee's pro rata share of Real Estate Taxes for the preceding fiscal year had the Term of this Lease been in existence at the time the Real Estate Taxes for such period were levied.

(3) Upon the date of expiration or termination of this Lease, whether the same be the date hereinabove set forth for the expiration of the Term, or any prior or subsequent date, a portion of the Lessee's Proportionate Share of Real Estate Taxes for the fiscal year during which such expiration or



termination occurs shall immediately become due and payable by Lessee to Lessor, if and to the extent it was not theretofore already fully billed and paid. The said portion shall be based upon the length of time that the Lease Term shall have been in existence during such fiscal year. Lessor shall, as soon as reasonably practicable, cause a statement of the Real Estate Taxes for that fiscal year to be prepared and furnished to Lessee. Lessor and Lessee shall thereupon make appropriate adjustments of amounts then owing.

(4) Lessor's and Lessee's obligations to make the adjustments referred to this Section 3(b) shall survive any expiration or termination of this Lease.

(5) Any delay or failure of Lessor in billing any Real Estate Taxes hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Lessee to pay such Real Estate Taxes.

(6) If Lessor secures an abatement or refund of the Real Estate Taxes, Lessor shall credit to Lessee's Proportionate Share Real Estate Taxes for the then-current year an amount equal to Lessee's Proportionate Share of such abatement or refund with respect to tax years for which Lessee has paid taxes, after deduction of Lessee's Proportionate Share of the reasonable costs and expenses including reasonable attorneys' fees incurred by Lessor in securing the abatement or refund. Lessor shall refund any excess credit if there is not sufficient time or amounts due in the Lease Term to off-set such excess credit.

(c) Computation and Payment of Percentage Rent.

(1) Payment of Percentage Rent; Year-End Adjustment.

(i) For each Lease Year or portion thereof during the Term, Lessee shall pay Percentage Rent as set forth in Section 1, Paragraphs (13) and (14), which shall be in addition to Basic Rent and Additional Rent. There shall be no abatement, apportionment or suspension of the Percentage Rent payable hereunder except as provided for herein. Commencing with the first (1st) Lease Year of the Term, and continuing throughout the remainder of the Term, the payment of Percentage Rent due under this Lease shall be calculated and shall be payable on or before the sixtieth (60th) day after the end of each Lease Year or portion thereof.

(ii) Within ten (10) days after the end of each calendar month during the Term, Lessee shall submit to Lessor a complete statement showing the amount of Gross Sales from the Leased Premises (and from such other business as may be required pursuant to this Lease) during said calendar month.

(iii) Lessee will also furnish to Lessor at its main office, within sixty (60) days after the end of each Lease Year, a complete annual statement certified by Lessee, or a responsible financial officer thereof if Lessee is a corporation (and accompanied by the opinion required by Section 3(c)(3)(ii)), showing in reasonable detail the amount of Gross Sales made during such Lease Year. Lessee shall pay the amount of Percentage Rent due to Lessor for such Lease Year at the time of submission of its annual statement.

(2) Gross Sales.

(i) "Gross Sales" as used herein means the total amount charged by Lessee or anyone in Lessee's behalf or by permitted concessionaires or permitted licensees or permitted subtenants of Lessee in connection with any and all sales of merchandise and services to patrons and customers, made or rendered on, in or from the Leased Premises, or resulting from initial sales made on, in or from the Leased Premises, or merchandise shipped from other locations on orders taken in or through the Leased Premises, either personally or by telephone or in writing, or by persons reporting to the Leased Premises, whether or not such amounts shall be for cash or on credit (excluding, however, interest, finance charges or insurance payments to be paid by the customer to Lessee because of a charge, credit, or deferred payment sale), whether paid or unpaid, collected or uncollected, except as expressly set forth below. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the month during which such charge or sale shall be made, irrespective of the time when Lessee shall receive payment (whether full or partial) therefor. The amount of any deposit on a lay-away sale, or any other deposit not refunded, shall be included in Gross Sales.

(ii) The following items shall be excluded from Gross Sales or deducted if such items were initially included within Gross Sales: (i) any exchange of merchandise between stores of Lessee when such exchange is made solely for the convenient operation of Lessee's business and not for the purpose of consummating a sale made on, in or from the Leased Premises; (ii) returns to shippers or manufacturers; (iii) cash or credit refunds to customers on transactions otherwise included in Gross Sales; (iv) all sums and credits received in settlement of claims for loss or damage to merchandise; (v) sales of fixtures, machinery and equipment, which are not stock in trade, after use thereof in the conduct of Lessee's business; (vi) amounts collected from customers and paid by Lessee to any government for any sales or excise tax; (vii) the amount of any discount sale to employees of Lessee or Lessee's affiliates to the extent such discount sales to employees; provided, however, such exclusion shall not exceed in any Lease Year an amount equal to two percent (2%) of Lessee's Gross Sales for such Lease Year in which such exclusion is made and any amount exceeding 2% for any Lease Year shall not be carried backward or forward and excluded in other Lease Years; (viii) any bad check or uncollectible credit accounts for the Lease Year in which Lessee writes same off as bad debts, provided however, such deductions shall not exceed two percent (2%) of Gross Sales of the Lease Year in which such deduction is made, and provided further, bad debts exceeding 2% may not be carried forward or backward and deducted in other Lease Years; and further provided, the amount of a bad debt later collected shall be added to Gross Sales for the Lease Year in which such bad debt is collected; (ix) coupons given to customers for no consideration and other forms of discounts such that only the cash or credit charge amount received in a sale shall be included in Gross Sales; (x) merchandise donated to charitable organizations; (xi) condemnation proceeds; (xii) proceeds of insurance policies received by Lessee; (xiii) bulk and/or inter-company transfers of food and/or inventory (provided no such transfer is made to avoid liability for Percentage Rent); (xiv) proceeds from the sale of used restaurant equipment; (xv) the amounts received for the sale of gift certificates until such time as such gift certificates shall have been converted into a sale by redemption for either merchandise or cash; (xvi) the amount of money from sales paid over to the owner or supplier of any authorized vending machines or pay telephone; (xvii) the amount of any delivery charges received by Lessee for orders of food to be consumed outside the Leased Premises and (xviii) any fees paid to the issuers of credit cards; provided however, such exclusion shall not exceed in any one Lease Year an amount equal to two percent (2%) of Lessee's Gross Sales, and any amount exceeding two percent (2%) in any Lease Year shall not be carried backward or forward and deducted in other Lease Years.

### (3) Lessee's Records and Statements of Gross Sales.

(i) The business of Lessee and of any permitted subtenant, licensee or concessionaire shall be operated so that a duplicate dated sales slip, dated invoice or dated cash register receipt, serially numbered, shall be issued with each sale or transaction, whether for cash, credit or exchange, and Lessee shall utilize, or cause to be utilized, cash registers equipped with sealed continuous totals and numbering consecutive rings, registers or other equipment used in a majority of other Corner Bakery stores, or such other devices for controlling sales as Lessor shall approve, to record all sales. Furthermore, Lessee shall keep at all times during the Term, at the Leased Premises or at its Notice Address, full, complete and accurate books of account and records, prepared in accordance with generally accepted accounting practices and principles consistently applied, with respect to all operations of the business to be conducted on, in or from the Leased Premises, including the recording of Gross Sales and the receipt of merchandise into and the delivery of all merchandise from the Leased Premises during the Term, and shall retain such books and records, copies of all tax reports and tax returns submitted to taxing authorities, as well as copies of contracts, vouchers, checks, inventory records, dated cash register tapes and sales slips and other documents and papers in any way relating to the operation of such business for at least three (3) years from the end of the period to which they are applicable, or, if any audit is required or controversy should arise between the parties hereto regarding the Rent payable hereunder, until such audit or controversy is terminated even though such retention period may be after the expiration of the Term or earlier termination of this Lease. Such books and records shall be open at all reasonable times (and, if requested by Lessor, shall be made available at the Leased Premises or Lessor's main office) for the inspection of Lessor or its duly authorized representatives as provided in Sections 3(c)(3)(ii) and 3(c)(4) hereof, who shall have full and free access to such books and records, the right to make copies of the same and the right to require of Lessee, its agents and employees, such information or explanation with respect to such books and records as may be necessary for a proper examination and audit thereof.

Notwithstanding the foregoing, Lessee shall be allowed to maintain its books and records in a computerized form; provided, however, that (a) such computerized books and records provide the same level of information as the books and records described above, are retained for the full record retention period provided for herein, and are made accessible for Lessor's inspection on request; and (b) promptly upon request,

printed copies of any such books and records or CD or other industry standard media format are made available to Lessor's representatives who are engaged in inspecting and/or auditing Lessee's books and records as provided herein.

(ii) The annual statements provided for in Section 3(c)(1) shall be accompanied by a signed opinion stating specifically that the person certifying such statement has read the definition of "Gross Sales" contained in this Lease, that he has examined the report of Gross Sales of such Lease Year, that his examination included such tests of Lessee's books and records as he considered necessary under the circumstances, and that such report accurately presents the Gross Sales of such Lease Year. Lessor agrees to keep any information obtained pursuant to Sections 3(c)(1), 3(c)(3) and 3(c)(4) as confidential, except that Lessor shall be permitted to divulge the contents thereof if such disclosure is in connection with any financing arrangements or sales or assignments of Lessor's interest in the Building or in connection with any arbitration, administrative or judicial proceedings in which Lessor is involved. In the event Lessee shall be delinquent in furnishing Lessor with a monthly Gross Sales statement, Lessor shall have the right, after five (5) days prior written notice to Lessee, and is hereby authorized, to secure whatever Gross Sales information Lessor deems appropriate directly from the Lessee's store manager at the Leased Premises. Furthermore, Lessor shall have the right, in the event of Lessee's delinquency in delivering monthly Gross Sales statements, to conduct an examination or audit of Lessee's books and records with the cost thereof, together with any charges occasioned thereby, to be the obligation of Lessee and to be paid to Lessor as additional rent upon demand.

(4) Audit Rights. The acceptance by the Lessor of payments of Percentage Rent shall be without prejudice to the Lessor's right, at Lessor's cost, to an examination of the Lessee's books, records and accounts in order to verify the amount of Gross Sales. Lessor may at any reasonable time, but no more than once in any one Lease Year, cause a complete audit to be made of Lessee's entire books, records and other documents relating to the Leased Premises (including the books and records of any subtenant, licensee or concessionaire) for all or any part of the three-year period immediately preceding such audit. If such audit shall disclose that any of Lessee's monthly or annual statements understates Gross Sales made during the reporting period of the statements to the extent of three percent (3%) or more, Lessee shall pay to Lessor as additional rent within ten (10) days after demand the cost of said audit together with the deficiency in Percentage Rent, which deficiency shall be payable in any event together with interest thereon from the date when due at the rate set forth in Section 3(c). In addition, if any such audit by Lessor shall disclose an understatement of three percent (3%) or more as aforesaid, then thereafter Lessor shall have the right to require that Lessee's annual statements of Gross Sales provided for in Section 3(c)(1) be certified to by an independent certified public accountant. If Lessee's accountant disputes the conclusions of such audit, Lessee may contest Lessor's determination by giving Lessor written notice within thirty (30) days following Lessee's receipt of the audit report. If Lessor's accountant and Lessee's accountant cannot mutually agree as to the Percentage Rent due within thirty (30) days after Lessor's receipt of Lessee's notice of protest, Lessor's accountant and Lessee's accountant shall jointly choose a third independent Certified Public Accountant, whose determination shall be binding upon the parties hereto. If the accountants fail to agree upon the third accountant, the parties agree to proceed forthwith to arbitrate the issue in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The cost of the third accountant or the cost of arbitration shall be borne equally by the parties, but the cost of the audit shall be borne by either Lessor or Lessee as otherwise provided for above. The furnishing by Lessee of any willfully or grossly inaccurate statement of Gross Sales may be deemed, at Lessor's sole option and discretion, a violation, breach and default under this Lease.

(5) Intentionally Deleted.

(6) Partial Lease Years. The Percentage Rent for the first and last Lease Years (if less than full calendar years) and for any other Lease Year in which Rent has been wholly abated for a period of time (hereinafter called "partial Lease Year") shall be an amount equal to the Percentage Rent Rate times the amount of Gross Sales made during such partial Lease Year in excess of the Percentage Rent Base multiplied by a fraction, the numerator of which shall be the number of days in said partial Lease Year for which Basic Rent was payable and the denominator of which shall be 365. Percentage Rent for the Lease Year in which Lessee first opens for business to the public shall be an amount equal to the Percentage Rent Rate times the amount of Gross Sales made during such Lease Year in excess of the Percentage Rent Base multiplied by a fraction, the numerator of which shall be the number of days remaining in said Lease Year after Lessee first opens for business and the denominator of which shall be 365. For purposes of this Lease, the Percentage Rent Base reduced in accordance with either of the two immediately preceding sentences is hereinafter called a "Partial Percentage Rent Base". In the event the Rent shall be partially abated (rather than wholly abated

as aforesaid) for a period of time in any Lease Year, the Percentage Rent Base shall be reduced proportionately for such period of time

(7) ~~No Partnership Relationship.~~ Any intention to hereby create a joint venture or partnership relation between the parties hereto is expressly disclaimed; it being understood and agreed that the provisions of this Section 3(c) with regard to the payment by Lessee and the acceptance by Lessor of a sum equal to a percentage of Gross Sales is a reservation of Rent only.

(8) ~~Intentionally Deleted.~~

(d) Computation of Lessor's Insurance Premiums.

(1) Lessor shall submit to Lessee after the end of each calendar year during the Term a statement of the Lessor's Insurance Premiums payable with respect to the Building for a calendar year and the amount, if any, due to Lessor from Lessee pursuant to Section 1(a)(14) for such calendar year on account thereof. Such statement shall constitute a prima facie determination between the Lessor and the Lessee for the period represented thereby, and Lessee shall make full payment of Lessee's Proportionate Share of such Insurance Premiums within ten (10) days after receipt of such statement.

(2) Upon the rendering of a statement by Lessor to Lessee on account of Lessor's Insurance Premiums, (i) Lessee shall also pay to Lessor, as additional rent, within ten (10) days after receipt of such statement, an amount equal to Lessee's Proportionate Share of the difference between (a) the product obtained by multiplying the total amount of Lessor's Insurance Premiums for the preceding calendar year by a fraction, the denominator of which shall be 12 and the numerator of which shall be the number of months of the current year within the Lease Term which shall have elapsed prior to the first day of the month immediately following the rendition of such statement, and (b) the sum of all previous payments (if any) made by the Lessee with respect to such prior months in the current year on account of Lessor's Insurance Premiums; and (ii) Lessee shall also pay to Lessor as additional rent commencing as of the first day of the month immediately following the rendition of such statement and on the first day of each month thereafter until a new statement is rendered, 1/12th of the total amount of Lessor's Insurance Premiums for the preceding calendar year. The payments required to be made under (i) and (ii) above shall be credited toward the total amount due from Lessee for the current calendar year on account of Lessor's Insurance Premiums, subject to adjustment as and when the statement for such current year is rendered by Lessor. On the Rent Commencement Date and on the first day of each month thereafter until the rendering of the first such statement by Lessor to Lessee, the Lessee shall pay to Lessor as additional rent on account of estimated Insurance Premiums for such period, an amount equal to one-twelfth (1/12th) of what would have been Lessee's pro rata share of Lessor's Insurance Premiums for the preceding calendar year had the Term of this Lease been in existence at the time the Lessor's Insurance Premiums for such period were paid.

(3) Upon the date of expiration or termination of this Lease, whether the same be the date hereinabove set forth for the expiration of the Term, or any prior or subsequent date, a portion of the Lessee's Proportionate Share of Lessor's Insurance Premiums for the calendar year during which such expiration or termination occurs shall immediately become due and payable by Lessee to Lessor, if and to the extent it was not theretofore already fully billed and paid. The said portion shall be based upon the length of time that the Lease Term shall have been in existence during such calendar year. Lessor shall, as soon as reasonably practicable, cause a statement of the Lessor's Insurance Premiums for that calendar year to be prepared and furnished to Lessee. Lessor and Lessee shall thereupon make appropriate adjustments of amounts then owing.

(4) Lessor's and Lessee's obligations to make the adjustments referred to this Section 3(c) shall survive any expiration or termination of this Lease.

(5) Any delay or failure of Lessor in billing any Insurance Premiums hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Lessee to pay such Insurance Premiums.

(e) Interest. If Lessee fails to pay any Basic Rent, Percentage Rent, Additional Rent or Additional Charges within 10 days after the same becomes due and payable, interest shall accrue on the unpaid portion thereof at the rate of two (2) percentage points above the annual Prime Rate in effect on such due date, whichever is higher, but in no event at a rate higher than the maximum rate allowed by law, and shall

be payable on demand. Such interest shall be deemed additional rent hereunder and shall be collectible as such.

(f) Accord and Satisfaction. No payment by Lessee or receipt by Lessor of any lesser amount than the amount stipulated to be paid hereunder shall be deemed other than on account of the earliest stipulated Basic Rent, Percentage Rent, Additional Rent or Additional Charges; nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Lessor may accept any check or payment without prejudice to Lessor's right to recover the balance due or to pursue any other remedy available to Lessor.

(g) Late Payment Charge. If Lessee fails to pay any Basic Rent, Percentage Rent, Additional Rent or Additional Charges within seven (7) days after notice that such payment is past due, Lessee shall also pay to Lessor a late payment service charge (to cover Lessor's administrative and overhead expenses of processing late payments) equal to the greater of \$100.00 or 5% of such unpaid sum; provided, however, if Lessee shall fail to pay any such payments due under this Lease, within seven (7) days after written notice on two (2) or more occasions in any consecutive twelve (12) month period, then for the remainder of such twelve (12) month period, if any payment of Basic Rent, Percentage Rent, Additional Rent or Additional Charges is not received by Lessor by the fifth (5th) day of the month, then Lessee shall pay to Lessor, upon demand, the aforesaid late charge. The provisions of this paragraph are cumulative and shall in no way restrict the other remedies available to Lessor in the event of Lessee's default under this Lease. Such payment shall be deemed liquidated damages and not a penalty, but shall not excuse the timely payment of rent.

#### 4. Common Areas.

Throughout the Term, Lessee and its agents, employees and business invitees shall have the non-exclusive right, in common with others, to use the common areas of the Building, including service corridors and stairways and the loading dock and areas adjacent thereto. Lessee shall not at any time block access to the loading dock or prevent its use by others. Lessor shall have the right at any time, without the Lessee's consent, to change the arrangement or location of entrances, passageways, doors, doorways, corridors, stairs, toilet rooms or other public portions of the Building (other than the loading dock, Lessee's exterior door and those service corridors, stairs and doorways, if any, leading from the Leased Premises to the loading dock area in the rear of the Building, with respect to which Lessee's consent shall not be unreasonably withheld, delayed or conditioned), or to change the name, number or designation by which the Building is known. Lessor reserves unto itself the full and complete ownership of the elevators and escalators and all tangible personal property installed by the Lessor in the Building which is of the type and character that qualifies for the Investment Tax Credit under the Internal Revenue Code. Notwithstanding anything in the Lease to the contrary, Lessor shall not make any material modification, expansion or alteration of the Building or Common Areas which will unreasonably impair the access to, or visibility of, or otherwise obscure or obstruct the glass perimeter walls and doors of the Leased Premises and Lessee's sign.

#### 5. Services and Utilities

(a) Throughout the Term, Lessor agrees that, subject to the provisions of Section 1(a)(9) and Section 23(b) herein, it will furnish to Lessee, in amounts reasonably sufficient for the proper operation of Lessee's business in the Leased Premises:

- (i) Cold running water for Lessee's kitchen and toilet rooms;
- (ii) Condenser water for Lessee's heating and air conditioning systems, the same to be chilled or heated by Lessee for air conditioning and heating purposes; and
- (iii) Access to the Building parking garage 24 hours per day, 365 days per year, subject to such non-discriminatory charges for the use thereof as are levied from time to time by the garage operator, and subject to reasonable security requirements.

(b) Lessor reserves the right to erect, use, connect to, maintain and repair pipes, ducts, conduits, cables, plumbing, vents and wires in, to and through the Leased Premises as and to the extent that Lessor may now or hereafter deem to be necessary or appropriate for the proper operation and maintenance of the Building (including the servicing of other tenants in the Building), provided that all of the foregoing shall be concealed in the walls, floors or ceilings of the Leased Premises, and the right at all times to transmit

water, heat, air conditioning and electric current through such pipes, conduits, cables, plumbing, vents and wires; provided, however, Lessor agrees that in exercising such rights, Lessor will, to the fullest extent reasonably possible, avoid (and where it cannot be avoided, then to minimize) interfering with Lessee's use and enjoyment of the Leased Premises; and provided further, that Lessor will, at Lessor's expense, promptly repair any damage done to the Leased Premises as a consequence of exercising such rights.

(c) Lessee shall, at its sole cost and expense, arrange for the furnishing of all utilities (including, without limitation, electricity, gas, water/sewer and telephone) necessary for the operation of Lessee's business at the Leased Premises, or the business of any permitted licensees or concessionaires therein, and all charges therefor and costs thereof shall be paid by Lessee as set forth in Section 1(a)(9).

6. Upkeep of Premises and Building.

(a) Lessor Responsibility. Subject to the provisions of Section 12, Lessor will, at its expense, keep in a safe, attractive, clean, first class condition and in good working order and repair, the roof, the roof drains, exterior walls (excluding storefront, interior non-structural portions of the exterior walls, and any plate glass windows, window frames, doors and door frames), columns, lintels, beams, footings, foundation walls and structural portions (both interior and exterior) of the Building and/or Leased Premises, the structural concrete floors (excluding floor covering, such as carpeting, terrazzo and other special flooring, walls, doors, windows and glass installed by or at the request of Lessee), sprinkler mains, utility pipes, conduits, meters and lines outside of the Leased Premises (unless originally installed by the Lessee or at Lessee's expense) and utility lines that run through the Leased Premises but do not service the Leased Premises. Lessor shall cause the Building's exterior, main floor lobby and all common areas always to have a clean, neat, dignified appearance appropriate to a first-class office building suitable for professional tenants. Notwithstanding the foregoing provisions of this subsection, Lessor shall not in any way be liable to Lessee unless Lessee shall have given Lessor written notice of the necessity for such repairs, and provided that any damage arising therefrom shall not have been caused by the negligent or willful act or omission of Lessee, its concessionaires, officers, employees, licensees or contractors (in which event, subject to the provisions of Section 12 hereof, Lessee shall be responsible therefor) or have been caused by any of the items Lessee is required to maintain and repair under this Lease. Lessor shall be under no liability for repair, maintenance, alteration or any other action with respect to the Leased Premises or any part thereof, or any plumbing, electrical, or other mechanical installations therein, except as may be expressly set out in this Lease.

(b) Lessee Responsibility. Subject to the provisions of Section 12 hereof, Lessee shall at all times, from and after delivery of possession of the Leased Premises to Lessee, at its own cost and expense, maintain the Leased Premises and Lessee's exhaust lines in good and tenantable condition, and make all needed repairs to the Leased Premises and every part thereof, except as hereinbefore provided. Lessee shall keep the public sidewalks in front and to the side of the Leased Premises and the service corridors, stairways and loading dock area in a neat and clean condition, free of litter and trash. All such maintenance and repairs shall be accomplished in a good and workmanlike manner and in compliance with all applicable Requirements, and Lessee shall use materials equal in quality and kind to the materials used in improvements or betterment employed as of the commencement of business by Lessee from the Leased Premises. Lessee's obligations under this Section shall include, but not be limited to, repairing and maintaining items as are required by any governmental agency having jurisdiction thereof (whether the same is ordinary or extraordinary, foreseen or unforeseen), walls (other than exterior walls), ceilings, utility meters, pipes and conduits within the Leased Premises and all utility meters, pipes and conduits outside the Leased Premises which are installed by Lessee or at Lessee's expense, all fixtures, heating, ventilating and air conditioning equipment installed by or for Lessee (whether located within the Leased Premises, outside the Leased Premises or on the roof), sprinkler equipment and other equipment within the Leased Premises, the store front or store fronts and all signage for the Leased Premises, including any pylon signs where applicable, all Lessee's signs, locks and closing devices, and all window sash, casement or frames, doors and door frames; provided that Lessee shall make no adjustment, alteration or repair to any part of the sprinkler alarm system in or serving the Leased Premises without Lessor's prior approval. All glass is at the sole risk of Lessee, and any glass broken shall be promptly replaced by Lessee with glass of the kind, size and quality as is then required by applicable building codes. Lessee shall permit no waste, damage or injury to the Leased Premises, and Lessee shall initiate and carry out a program of regular maintenance and repair of the Leased Premises, including the painting or refinishing of all areas of the interior and the store front, so as to impede, to the extent reasonably possible, deterioration by ordinary wear and tear and to keep the same in attractive condition. As used in this Section, the term "exterior walls" shall not be deemed to include store front or store fronts, plate glass, window cases or window frames, doors or door frames and security grilles or similar enclosures. Lessee will not overload the electrical wiring serving the Leased Premises or within said premises and will install at its expense, but only after obtaining Lessor's written

approval, any additional electrical wiring which may be required in connection with Lessee's apparatus. Notwithstanding the provisions of Section 6(a), Lessee, and not Lessor, shall be responsible for any and all required repairs and/or maintenance to the roof of the Leased Premises where such repairs and/or maintenance are necessary by reason of acts or omissions of Lessee, its agents and employees, including but not limited to roof penetrations and the installation of equipment on the roof. Lessee shall not be responsible for utility lines within the Leased Premises that exclusively serve premises other than the Leased Premises and serve no part of the Leased Premises.

(c) If Lessor shall fail to commence the making of such repairs or the performance of such maintenance as it is obligated to do under subsection (a) within thirty (30) days after notice from Lessee (except in the case of any emergency rendering the Leased Premises untenable, in which event said thirty (30) days grace period shall be reduced to twenty-four (24) hours after written notice), Lessee's sole right and remedy for such failure shall be, after further notice to Lessor of its intention so to do, to cause such repairs, except as hereinafter provided, to be made or maintenance to be performed and to make a claim against Lessor for the reasonable costs thereof (but not to withhold Rent on account of such costs). If Lessee shall fail to make any such repairs or to perform any such maintenance as it is obligated to do under subsection (b) (including, without limitation, repairs or maintenance to its front, signing, show windows and security grilles or similar enclosures) within thirty (30) days after written notice from Lessor, except in the case of any emergency in which event said thirty (30) days grace period shall be reduced to twenty-four (24) hours after oral or written notice, Lessor may make or perform the same for the account of Lessee, without liability to Lessee for any loss or damage that may accrue to Lessee's merchandise, fixtures, or other property or to Lessee's business by reason thereof, and Lessee shall pay therefor, as additional rent, within ten (10) days after Lessor shall have billed Lessee thereof, the sum of Lessor's cost for making such repairs and/or performing such maintenance (which such cost may include a reasonable amount for Lessor's overhead). Nothing herein contained shall imply any duty on the part of Lessor to do any such work which, under any provision of this Lease, Lessee may be required to do, nor shall it constitute a waiver of Lessee's default in failing to do the same.

(d) When necessary by reason of accident or other emergency occurring in the Leased Premises or elsewhere in the Building, or in order to make any repairs or alterations or additions or improvements in or relating to the Leased Premises or to other portions of the Building, Lessor reserves the right to interrupt the supply to the Leased Premises or to the Common Areas, of electricity, water, gas and other utilities, if any, and also to suspend the operation of the heating or air-conditioning system in or to the Leased Premises or any other portion of the Building, until said repairs, alterations, additions or improvements shall have been completed. When Lessor needs to interrupt the supply of utilities or to suspend HVAC services in any other circumstances it shall do so outside Lessee's business hours whenever practicable. Provided Lessor shall pursue such work with reasonable diligence, there shall be no abatement in Rent because of any such interruption or suspension unless such interruption or suspension shall render the Leased Premises substantially untenable for a period in excess of three (3) consecutive business days, in which event Lessee shall thereafter be entitled to an equitable abatement of Rent until such time as the Leased Premises are again tenable. In the event Lessor and Lessee are unable to agree as to the amount of any such equitable abatement, the same shall be determined by arbitration as provided herein.

(e) Lessee shall at all times during the Term of this Lease and any modifications or extensions thereof, maintain in force and effect the following maintenance and service contracts:

(i) A heating and air conditioning maintenance contract consistent with industry standards;

(ii) A service contract with a qualified extermination company for quarterly pest control applications for control of insects, vermin and other pests (and more frequent service if problems arise) within the Leased Premises, in and about the Lessee's trash dumpster and in and about the loading dock; and

(iii) A sewer and drain service contract consistent with industry standards and Lessee's system-wide process for cleaning of the drains, plumbing lines and grease traps and inspection for grease build-up in exhaust shafts within the Leased Premises, including the application of environmentally safe chemical solvents as necessary.

7. Use of Leased Premises.

(a) Lessee shall use the Leased Premises solely for the operation of a "Corner Bakery" type of bakery/restaurant consistent with a majority of the other Corner Bakery's found in the Washington, D.C./Baltimore metropolitan area. Items may be produced in the Leased Premises for consumption on-site and off-site (with, as a part of its on-site business, "to go", delivery or catering service at Lessee's option) and sold at retail or wholesale. Lessee shall operate solely under the trade name "Corner Bakery." Lessee shall not use or permit the Leased Premises to be used for any other purpose or purposes or under any other trade name, style or designation without the prior written consent of Lessor. Lessor shall not unreasonably withhold, condition or delay its consent to a name change. Lessee shall, at its expense, procure any and all governmental licenses and permits required for the conduct of Lessee's business on the Leased Premises and shall, at all times, comply with the requirements of each such license and permit.

Notwithstanding the foregoing, Lessee may, without Lessor's consent, change its trade name, so long as concurrently therewith the trade name of a majority of all other Corner Bakery stores in the Washington, D.C./Baltimore metropolitan area shall likewise be changed to the same trade name. Lessee agrees to provide Lessor at least thirty (30) days' prior written notice of the name change and to submit to Lessor for Lessor's reasonable approval plans and specifications for such sign(s) prior to the installation of the new sign(s)."

(b) Throughout the Term, Lessee covenants and agrees to: (i) keep the Leased Premises in a neat and clean condition; (ii) pay before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon Lessee's business, upon the leasehold estate created by this Lease or upon Lessee's fixtures, furnishings or equipment in the Leased Premises; (iii) not use or permit or suffer the use of any portion of the Leased Premises for any unlawful purpose; (iv) not use the plumbing facilities for any purpose other than that for which they were constructed, or dispose of any foreign substances therein; (v) not place a load on any floor exceeding the floor load per square foot which such floor was designed to carry in accordance with the plans and specifications of the Building, and not install, operate or maintain in the Leased Premises any heavy item of equipment except in such manner as to achieve a proper distribution of weight; (vi) not to strip, overload, damage or deface the Leased Premises, or the hallways, stairways, elevators, parking facilities or other public areas of the Building, or the fixtures therein or used therewith, nor to permit any hole to be made in any of the same; (vii) Intentionally Deleted. (viii) not to use any floor adhesive in the installation of any carpeting; (ix) not to install or operate in the Leased Premises any machinery and equipment in the Leased Premises which may overload the electric service to the Leased Premises, without first obtaining the written consent of Lessor; (x) not to install any other equipment of any kind or nature which will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Leased Premises or the Building, without first obtaining the written consent of Lessor (approval of plans and specifications of Lessee's Work constitute approval of the equipment and machinery shown thereon); and (xi) at all times to comply with the Requirements.

(c) Lessee will not use or occupy the Leased Premises in violation of any Requirement. If any governmental authority, after the commencement of the Lease Term, shall contend or declare that the Leased Premises are being used for a purpose which is in violation of any Requirement, then Lessee shall, upon five (5) days' notice from Lessor, immediately discontinue such use of the Leased Premises. If thereafter the governmental authority asserting such violation threatens, commences or continues criminal or civil proceedings against Lessor for Lessee's failure to discontinue such use, in addition to any and all rights, privileges and remedies given to Lessor under this Lease for default therein, then unless Lessee shall have discontinued such use prior to the delivery of any notice of termination from Lessor to Lessee, Lessor shall have the right to terminate this Lease forthwith. Lessee shall indemnify and hold Lessor harmless of and from any and all liability for any such violation or violations.

(d) Lessee shall proceed with due dispatch and diligence to open for business in the Leased Premises on or before the Rent Commencement Date and shall thereafter, subject to Section 29, continuously, actively and diligently operate its said business in the Leased Premises, in a high grade and reputable manner, maintaining in the Leased Premises a staff of employees and a stock of merchandise sufficiently adequate and complete enough to fully service the needs of its customers and to maintain the reputation of the Building throughout the Term (unless prevented from so doing by fire, strikes or other contingencies beyond the control of Lessee) and shall maintain displays of merchandise or attractive views of the interior of the restaurant in the display windows, if any, and keep such display windows and Lessee's store signs well lighted, to the end that there shall be capable of being produced by Lessee's business operation on the Leased Premises the maximum amount of Percentage Rent and/or to the end that the Building shall not have vacant or



seemingly vacant stores therein. If Lessee operates during the Business Hours set forth below in a manner consistent with a majority of Lessee's other stores in the Washington D.C./Baltimore area, Lessee shall be deemed to be operating in a manner to produce the maximum amount of Percentage Rent.

(c) The "Business hours" during which Lessee shall remain open to the public as aforesaid shall be at least ten (10) consecutive hours per day, Monday through Friday of each week during the Term (except New Year's Day, Christmas, Thanksgiving and Federal government holidays).

8. Rules and Regulations; Lessee's Covenants.

(a) Lessee and its agents and employees shall comply with and observe all reasonable rules and regulations of general applicability to all tenants in the Building concerning the use, management, operation, safety and good order of the Leased Premises and the Building which are not inconsistent with any provision of this Lease or with Rules 16 and 34 of Exhibit C hereto attached hereto and which may from time to time be promulgated by Lessor. Lessor agrees that all such rules and regulations will be applied to Lessee fairly, reasonably and in a manner that is no less favorable than their application to any other tenant of the Building. Initial rules and regulations, which shall be effective until amended by Lessor, are attached to this Lease as Exhibit C hereto and made a part hereof. Lessee shall be deemed to have received notice of any amendment to the rules and regulations when a copy of such amendment has been delivered to Lessee at the Leased Premises or has been given to Lessee in the manner prescribed hereinbelow for the giving of notices under this Lease. Notwithstanding anything to the contrary contained herein, no changes by Lessor in any rules and regulations with respect to the Building or Leased Premises shall materially, adversely and unreasonably (i) increase Lessee's duties and obligations hereunder, (ii) reduce or restrict the estate, rights or benefits hereof or (iii) affect Lessee's ability to operate. An amendment to the rules and regulations will be effective on the later to occur of (i) the effective date set out in the notice of amendment given to Lessee by Lessor as provided above or (ii) the fifteenth business day after such notice of amendment was given to Lessee. Lessee shall comply with all fire protective rules and regulations promulgated by the Lessor for the safety of the Building and its occupants, including rules prescribing certain types of materials and prohibiting other types of materials in the Building. Lessor shall not be responsible to Lessee for any violation of the rules and regulations, or the covenants or agreements contained in any other lease, by any other tenant of the Building, or its agents or employees, and Lessor may (subject to the provisions of the second sentence of this Section 8) waive in writing, or otherwise, any or all of the rules or regulations in respect of any one or more tenants.

(b) The Building rules and regulations shall not: (i) regulate or restrict Lessee's freedom or discretion in decorating or furnishing the interior of the Leased Premises (including, without limitation, all floors and walls which cannot be seen from outside the Leased Premises) except to the extent, if any, necessary to comply with applicable Requirements; (ii) regulate or restrict Lessee's ability to communicate with its members, employees and invitees within the Leased Premises, except to the extent expressly provided in the initial rules and regulations attached to this Lease as Exhibit C (the "Initial Rules"); or (iii) restrict Lessee in carrying on any activity or doing any thing that is described, referred to, regulated or restricted in the Initial Rules, except as and to the extent provided in such Initial Rules.

(c) Lessee covenants and agrees that the Leased Premises, including Lessee's doors, windows and signs, shall be kept neat, clean and in good order by Lessee at Lessee's expense, including necessary and periodic repainting thereof, and including such repair, redecorating, repainting and cleaning work as, in Lessor's reasonable judgment, shall be necessary to maintain such premises in good order and in keeping with the general standards of maintenance and good appearance of the Building. No debris, disposal containers, material scraps, cartons, wrappings or other similar items shall be permitted in Lessee's storefront windows or on the sidewalks outside the Leased Premises.

(d) Lessee covenants and agrees that Lessee shall conduct selling, merchandising, display or soliciting in connection with its business only inside the Leased Premises except as otherwise provided in Section 1(a)(7) with respect to outdoor seating, and only in a dignified manner and in conformity with the highest standards of practice obtaining among superior type restaurants. Any substantial adverse change in the quality of merchandise or services being offered by Lessee at the Leased Premises, without Lessor's prior written consent, may, at Lessor's option, be deemed a breach and violation of this Lease.

(e) Lessee covenants and agrees that Lessee will at its own expense maintain the Leased Premises, the adjacent service corridors and stairs, the adjacent sidewalk areas, the loading dock area and its trash dumpster, if any, in a clean, orderly and sanitary condition and free of insects, rodents, vermin, and other pests; will not burn or permit undue accumulations of garbage, trash, rubbish and other refuse, shall be solely

responsible for the removal and disposition of the same from the Leased Premises, and will keep such refuse in proper containers in the interior of the Leased Premises until so removed from the Leased Premises. If Lessee shall be authorized by Lessor to have a dumpster, Lessee shall contract directly with a trash removal company utilizing a dumpster to be located behind the Building, or in the alley on the west side of the Building, at a specific location to be mutually agreed upon between Lessee and by Lessor. Lessee will not be permitted to use the Building elevators to carry trash out of the Building or to bring food stuffs or other provisions into the Building. All wet trash including food waste material shall be carried out of the Building in watertight bags or containers. Lessor shall have the right to adopt such other reasonable rules governing the removal and disposition of rubbish as Lessor shall determine, and Lessee shall adhere to the same. Lessee understands the importance of proper trash management and pest control and agrees to comply with the Lessor's rules and regulations governing same. Lessee shall obtain and maintain in effect throughout the Term the pest control and extermination service agreement described in Section 6(e). If Lessee is unable to obtain a dumpster, Lessor and Lessee shall agree upon a procedure for Lessee to store and remove its trash from the Leased Premises, at Lessee's sole cost and expense.

(f) Lessee covenants and agrees that it will take particular care not to clog the plumbing and drainage systems of the Building with grease and other food wastes. Lessee will periodically inspect and clean all grease traps and its exhaust shafts within the Leased Premises and will use chemical solvents, where appropriate, to keep all drainage lines and exhaust shafts clear and free of grease buildup; provided, any such chemical solvents will be environmentally safe and will be appropriate for such use. Lessee shall obtain and maintain in effect throughout the Term the sewer and drain service agreement described in Section 6(e).

#### 9. Alterations.

Lessee will not make or permit anyone to make any alterations, additions or improvements, structural or otherwise, in or to the Leased Premises or the Building for which a municipal building permit or other governmental approval would be required, without first obtaining the written consent of Lessor, which consent will not unreasonably be withheld, delayed or conditioned by Lessor provided Lessee has first satisfied each of the foregoing conditions precedent: (i) Lessee shall first submit preliminary and final drawings and specifications (including major revisions thereto) for all such work, prepared and certified to by architects, interior designers, or engineers, (each of whom shall, if required by law, be duly licensed and in good standing in the jurisdiction in which the Building is located) as may be reasonably required by Lessor; (ii) Lessor shall have the right to review all such drawings and, within a reasonable period of time (not to exceed fifteen (15) days), notify the Lessee of any corrections or revisions which Lessor may reasonably require; and (iii) Lessee shall advise Lessor of the identity of each contractor hired to do any such work in the Leased Premises, and Lessor shall have the right, which it covenants and agrees to exercise in a reasonable manner, to disapprove any such contractors. Provided that Lessee's transmittal letter conspicuously states in BOLD LETTERING THAT LESSOR'S FAILURE TO RESPOND WITHIN FIFTEEN (15) DAYS SHALL BE DEEMED TO BE AN APPROVAL OF THE ENCLOSED PLANS, IF LESSOR FAILS TO RESPOND WITHIN SUCH PERIOD OF TIME, LESSOR SHALL BE DEEMED TO HAVE APPROVED LESSEE'S PLANS. Notwithstanding the foregoing, Lessee shall have the right to make such interior non-structural modifications made to a majority of similarly situated city stores in the Washington D.C. and Baltimore metropolitan area operating under the Corner Bakery trade name, without the consent of the Lessor. In the event Lessor consents to any such alterations, etc., such alterations shall be performed in a good and workmanlike manner in accordance with all applicable Requirements, and Lessee shall indemnify and hold harmless Lessor from and against any and all costs, expenses, claims, liens and damages to person or property resulting from the making of any such alterations, decorations, additions or improvements in or to the Leased Premises or Lessee's exhaust lines or the Building negligently or in violation of applicable Requirements. Lessee shall not permit a mechanic's lien or liens to be placed upon Lessor's reversionary interest in the Leased Premises or the Building as a result of any alterations or improvements made by it and agrees, if any such lien be filed on account of the acts of Lessee, promptly to pay the same or to provide a bond or title insurance coverage over such lien at such time as Lessee is not contesting such lien in good faith by appropriate proceedings. In the event Lessee fails to pay any such lien (or to bond or title insure over it or contest it in good faith), it may be paid by Lessor after Lessor has given Lessee at least ten (10) days' prior written notice of its intention to pay such lien, and if Lessor delivers to Lessee a full and unconditional release of such lien and satisfaction of the claim on which it was based, then the cost may be charged to Lessee as additional rent under this Lease. If any such substantial alterations, decorations, additions or improvements are made without the prior written consent of Lessor, Lessor may correct or remove the same after reasonable advance notice to Lessee and Lessee shall be liable for any and all reasonable costs and expenses incurred by Lessor in such removal.

## 10. Signs.

(a) Lessee shall provide on the exterior facade of the Leased Premises a suitable exterior signboard, sign or signs of such size, design and character, and in such location only, as Lessor shall approve in writing in its sole discretion. Lessee shall have the right to install an awning above its front entrance, provided the design, color, material, style, method of attachment and all other aspects of such awning and any sign thereon shall be subject to the Lessor's prior written approval. No other signs, lights, lettering or other forms of inscription or advertising or display devices (including credit card notices) shall be displayed on the exterior of the Leased Premises or on or in immediate proximity to the inner or outer face of the show windows, entrances, doors or transoms, nor shall the same be displayed in any other location within the Leased Premises from which such signs, lights, or other forms of inscription or advertising or display devices may readily be seen from outside the Leased Premises, without prior written approval of Lessor as to the size, material, design and nearness thereof. Lessee shall not at any time display on the exterior of the Leased Premises, or on or in any other location thereon from which it may readily be seen from outside the Leased Premises, any sign or notice of removal of Lessor or its business to any other location (except, with Lessor's prior written approval, with respect to removal to another location within the Building). Notwithstanding the foregoing and subject to all governmental laws, rules and regulations, Lessor approves for installation on the exterior of the Leased Premises and in the windows of the Leased Premises including the window text, awnings, lights and the signs all as shown on Exhibit C.

(b) If Lessee shall erect, install or maintain any sign, lights, or other forms of inscription or advertising or display device outside, in or upon the Leased Premises in violation of this Section and shall not immediately upon notice from Lessor cause the same to be removed or discontinued, Lessor, in addition to any other rights or remedies to which it may be entitled hereunder or as a matter of law or in equity, may enter upon the Leased Premises, without thereby causing an eviction of Lessee from said premises or interference with Lessee's right of quiet use and enjoyment thereof, and cause said sign, lights, or other form of inscription or advertising or display device to be removed or discontinued, and the reasonable costs of such removal or discontinuance shall be paid by Lessee, as additional rent, on the first day of the month following said removal or discontinuance.

## 11. Insurance.

(a) Lessee, at Lessee's sole cost and expense, shall obtain and maintain in effect at all times during the Term, a policy of commercial general liability insurance with at least as broad coverage as ISO form CG 00 01 07 08 Commercial General Liability (or a substitute providing equivalent coverage), naming Lessor and (at Lessor's request) any mortgagee of the Building, any ground lessor and any management agent as additional named insured(s), protecting Lessor, Lessee and any such mortgagee, ground lessor and agent against any liability for bodily injury, death or property damage occurring upon, in or about any part of the Building, the Leased Premises or any appurtenances thereto, with such policies to afford protection to the combined single limit of not less than \$5,000,000 with respect to bodily injuries or death and with respect to property damage, and with a deductible no greater than \$1,000.00 for any single occurrence. Lessee shall obtain and maintain in effect at all times during the Term, on Lessee's furniture, fixtures, equipment and personal property to the fullest extent of Lessee's insurable interest therein for 100% of full replacement cost without reduction for depreciation; provided, however, Lessee shall have the right to self-insure this property damage risk. Notwithstanding the foregoing, the insurance coverages provided for herein may be maintained by Lessee pursuant to master policies of insurance covering other restaurant locations of Lessee.

(b) Lessor shall obtain and maintain in effect at all times during the Term, a policy of Special Form Causes of Loss insurance on the Building (or a substitute providing equivalent coverage) to the fullest extent of Lessor's insurable interest therein for 100% of full replacement cost without reduction for depreciation, together with commercial general liability insurance with at least as broad coverage as ISO form CG 00 01 07 08 Commercial General Liability (or a substitute providing equivalent coverage), together with rent loss insurance and such other coverages as are commercially reasonable for the owner of a Class A office building in Washington, D.C. The premiums for all such insurance obtained by Lessor shall properly be included in Operating Expenses. In the case of liability insurance, such coverages shall be at least equivalent to the insurance which Lessee is required to obtain under subsection (a).

(c) The insurance policies required to be obtained by Lessee and Lessor under this Lease (i) shall be issued by an insurance company or companies rated A-/VII or higher by the A.M. Best Co., and (ii) shall be written as primary policy coverage and not contributing with or in excess of any coverage which the other party may carry. Neither the issuance of any insurance policy required under this Lease, nor the

minimum limits specified herein, shall be deemed to limit or restrict in any way the liability of either party arising under or out of this Lease. With respect to each insurance policy required to be obtained by Lessee under this Section, on or before the Lease Commencement Date, and at least 30 days before the expiration of the expiring policy or certificate previously furnished, Lessee shall deliver to Lessor a certificate of insurance therefor, together with evidence of payment of all applicable premiums. Each insurance policy required to be carried hereunder by or on behalf of Lessee shall provide (and any certificate evidencing the existence of each such insurance policy shall certify) that such insurance policy shall not be canceled unless Lessor shall have received 30 days' prior written notice of cancellation.

(d) Lessee shall not do, or cause to be done any act, matter, thing or failure to act in respect of the Leased Premises and/or the Building that will invalidate or be in conflict with fire insurance policies covering the Building or any part thereof, and shall not do, or permit anything to be done, in or upon the Leased Premises and/or the Building, or bring or keep anything therein, which shall increase the rate of fire insurance on the Building or on any property located therein. If, by reason of the failure of Lessee to comply with the provisions of this subsection, the fire insurance rate shall at any time be higher than it otherwise would be, and if, within a reasonable time after notice from Lessor, Lessee fails to correct or remove such offending condition, then Lessee shall reimburse Lessor on demand, for that part of all premiums for any insurance coverage that shall have been charged because of such violation by Lessee and which Lessor shall have paid on account of an increase in the rate or rates in its own policies of insurance. Notwithstanding the foregoing, if and for so long as Lessee is conducting only the business specifically authorized herein, Lessor agrees that Lessee's business operations in the Leased Premises shall not, in and of themselves, be grounds for requiring Lessee to pay its share of any increase in Lessor's insurance rates referred to above, provided such business activities are not hazardous or result in an undue accumulation of waste or trash within the Leased Premises, or otherwise violate the terms of this Lease.

(e) Lessee hereby agrees to indemnify and hold harmless Lessor and any mortgagee from and against any and all claims, losses, actions, damages, liabilities and expenses (including reasonable attorneys' fees) that are not due to the act or omission of the Lessor or its agents and employees and that (i) arise from or are in connection with the possession, use, occupation, management, repair, maintenance or control of the Leased Premises, or any portion thereof, or the exhaust lines or the Café Area or any portion thereof or (ii) arise from or are in connection with any act or omission of Lessee or Lessee's agents, employees or invitees, or (iii) result from any default, breach, violation or nonperformance of this Lease or any provision therein by Lessee. Lessee shall, at its own cost and expense, with counsel selected by Lessee (but subject to Lessor's reasonable approval) and acting at Lessee's direction defend any and all actions, suits and proceedings which may be brought against Lessor and/or any mortgagee with respect to the foregoing or in which Lessor and/or any mortgagee may be impleaded. Lessee shall pay, satisfy and discharge any and all final and unappealable judgments, orders and decrees which may be recovered against Lessor and/or any mortgagee in connection with the foregoing. Lessor will cooperate with Lessee and Lessee's counsel in connection with the defense or settlement (as Lessee may elect) of all such matters. Notwithstanding the foregoing, Lessee shall not be obligated to indemnify Lessor for the acts or omissions of Lessor, its agents, employees or contractors.

(f) Lessor hereby agrees to indemnify and hold harmless Lessee from and against any and all claims, losses, actions, damages, liabilities and expenses (including reasonable attorneys' fees) that are not due to the act or omission of the Lessee, its agents and employees and that (i) arise from or are in connection with the possession, use, occupation, management, repair, maintenance or control of the portions of the Building other than the Leased Premises, or (ii) arise from or are in connection with any negligent act or omission or gross negligence or wrongful acts of Lessor or Lessor's agents, employees, contractors or invitees, or (iii) result from any default, breach, violation or nonperformance of this Lease or any provision therein by Lessor. Lessor shall, at its own cost and expense, with counsel selected by Lessor and acting at Lessor's direction, defend any and all actions, suits and proceedings which may be brought against Lessee with respect to the foregoing or in which Lessee may be impleaded. Lessor shall pay, satisfy and discharge any and all final and unappealable judgments, orders and decrees which may be recovered against Lessee in connection with the foregoing. Notwithstanding the foregoing, Lessor shall not be obligated to indemnify Lessee for the acts or omissions of Lessee, its agents, employees or contractors.

(g) Lessor and/or any mortgagee shall not be liable or responsible for, and Lessee hereby releases Lessor and/or any mortgagee from, all liability or responsibility to Lessee or any person claiming by, through or under Lessee, by way of subrogation or otherwise, for any injury, loss or damage to any property in or around the Leased Premises or to Lessee's business except to the extent such injury, loss or damage is caused by the negligence or willful misconduct of the Lessor or its agents or employees but subject to the mutual waiver provisions set forth below in this subsection (g). Lessee shall not be liable or responsible for,

and Lessor hereby releases Lessee from all liability or responsibility to the Lessor or any person claiming by, through or under Lessor, by way of subrogation or otherwise, for any injury, loss or damage to any property in or around the Building or to Lessor's business, except to the extent that such injury, loss or damage is caused by negligence or willful misconduct of Lessee or its agents or employees but subject to the mutual waiver provisions set forth below in this subsection (g). Each party hereto waives each and every claim which arises or may arise in its favor and against the other party thereto during the term of this Lease or any renewal or extension thereof for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, which loss or damage is covered by or is coverable by Special Form Causes of Loss insurance policies. Said mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of or damage to property of the parties hereto. Inasmuch as the above mutual waivers preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto agrees immediately to give to each insurance company which has issued to it policies of fire and extended coverage insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of said waivers. For the purpose of this Lease, any applicable deductible amount of Special Form Causes of Loss shall be treated as though it were recoverable under such policies.

12. Damage by Fire or Other Casualty:

(a) In the event the Leased Premises and/or the Building shall be partially or totally damaged or destroyed by any risk covered by Lessor's insurance, Lessor shall (subject to being able to obtain all necessary permits and approvals therefor, including, without limitation, permits and approvals required from any agency or body administering environmental laws, rules or regulations), within one hundred twenty (120) days after such damage or destruction or as soon thereafter as is reasonably practicable (unless Lessor terminates this Lease pursuant to subsection (c)), commence to repair, rebuild, reconstruct and restore or replace the damage or destruction to the Building (excluding, however, any portion of the "Lessee's Work" as defined in Section 2 and excluding also any property as to which the Lessee is responsible for carrying insurance pursuant to Section 11), including Lessor's Work as set forth on Exhibit B-1 attached hereto and prosecute the same diligently to completion. It is understood and agreed that the Building, if partially or totally damaged or destroyed, need not be restored to the same condition as existed prior to such damage or destruction, provided the Building is restored to a condition architecturally harmonious and consistent with the Leased Premises and the balance of the Building. Lessor shall not be required to expend more for any repair, rebuilding, reconstruction, restoration, or replacement of the Building pursuant to this Section than the amount of insurance proceeds paid to Lessor in connection therewith.

(b) Except if this Lease is terminated under this Section 12, if any item of Lessee's Work or any other portion of the Leased Premises for which the Lessee is obligated to carry insurance pursuant to Section 11 shall be damaged or destroyed, Lessee shall (subject to being able to obtain all necessary permits and approvals required from any agency or body administering environmental laws, rules or regulations), within one hundred twenty (120) days thereafter or as soon thereafter as is reasonably practicable if Lessor's work as specified in Section 12 (a) impedes or delays the completion of Lessee's work (unless Lessor terminates this Lease pursuant to subsection (c)) or as soon thereafter as is reasonably practicable if the Building is not then sufficiently repaired so as to permit the commencement of work by Lessee, commence to repair, reconstruct and restore or replace said matters (including fixtures, furnishings and merchandise) and prosecute the same diligently to completion.

(c) (1) Lessor shall have the option to terminate this Lease upon giving written notice to Lessee of exercise thereof within one hundred twenty (120) days after the Leased Premises or the Building is damaged or destroyed if:

(A) such damage is the result of any risk not covered by insurance, such as flood, earthquake, act of war, nuclear reaction, nuclear radiation or radioactive contamination; or

(B) such damage or destruction occurs within the last twenty-four (24) months of the Term and either (i) the estimated cost of Lessor's repairs, rebuilding, reconstruction and restoration or replacement shall exceed one-third (1/3) of the then replacement cost to the Lessor of the Leased Premises or Building, as applicable; or (ii) the estimated time required to repair, rebuild, reconstruct, etc. shall exceed ninety (90) days or the remaining Term, whichever is less; provided, however, Lessee may nullify Lessor's election to terminate for casualty damage at the end of the Term if Lessee exercises any option

that is available to Lessee to extend the term of this Lease by giving written notice to Lessor of such election to exercise such option within twenty (20) days after receipt of Lessor's notice terminating this Lease; or

(C) fifty percent (50%) or more of the gross rentable area in the Building immediately prior to the damage or destruction is rendered untenable thereby and Lessor elects to terminate all the leases of all tenants in the Building.

(2) Lessee shall have the option to terminate this Lease upon giving written notice to Lessor of exercise thereof within one hundred twenty (120) days after the Leased Premises or the Building is damaged or destroyed if such damage or destruction occurs within the last twenty-four (24) months of the Term, as the same may be extended, and either (i) the estimated cost of Lessee's repairs, rebuilding, reconstruction and restoration or replacement shall exceed one-third (1/3) of the then replacement cost to the Lessee of its furniture, fixtures and equipment within the Leased Premises; or (ii) the estimated time required to repair, rebuild, reconstruct, etc. shall exceed ninety (90) days or the remaining Term, whichever is less; or (iii) the Leased Premises shall have been materially and adversely affected by the damage to the rest of the Building and/or the Lessor's restoration work to the rest of the Building, including but not limited to the means of access to, and visibility of, the Leased Premises, the presence of obnoxious odors within the Leased Premises, undue noise created by Lessor's reconstruction work, or the interruption of utilities to the Leased Premises.

Unless so terminated, this Lease shall continue in full force and effect, and Lessor and Lessee shall perform their respective obligations under subsections (a) and (b) above. Upon any termination of this Lease under any of the provisions of this Section 12, Basic Rent, Percentage Rent and Additional Charges shall be adjusted as of the date of such termination and the parties shall be released thereby without further obligation to the other party coincident with the surrender of possession of the Leased Premises to the Lessor, except for items which have been theretofore accrued and are then unpaid, and, except that neither party shall be released from claims for personal injury or property damage occurring on the Leased Premises prior to termination of this Lease for which either party is otherwise responsible hereunder.

(d) Whether or not this Lease is terminated pursuant to subsection (c) after damage or destruction, if the Leased Premises are rendered wholly or partially untenable by such damage or destruction, then the Basic Rent, Percentage Rent and Additional Charges payable by Lessee under this Lease during the period in which the Leased Premises are so untenable shall be equitably abated. If as a result of damage to the Leased Premises, Lessee in its good faith judgement elects to cease operating its business in the Leased Premises, Lessee shall be entitled to a full abatement of Basic Rent and Additional Charges until the earlier of (i) sixty (60) days after the date Lessor completes its repair work or (ii) the date Lessee reopens for business. In the event the parties shall be unable to determine an equitable abatement of Rent, the same shall be determined by arbitration as hereinafter provided. Except as set forth in this Section, Lessor shall not be liable for any damages (including, without limitation, business interruption) that may be suffered by Lessee by reason of any casualty to the Leased Premises and/or the deprivation of Lessee's use and possession thereof, nor shall Lessor be liable for any damage to or repair, re-building, reconstruction, restoration or replacement of any of Lessee's Work. Notwithstanding anything contained herein to the contrary, damage to the Leased Premises in excess of twenty-five percent (25%) shall, ipso facto, result in the entire Leased Premises being deemed untenable, provided same are not used for the conduct of business.

(e) If the Building is so substantially damaged that it is reasonably necessary, in Lessor's judgment, to demolish the same for the purpose of reconstruction, Lessor may demolish the same, in which event Lessor may treat such demolition as if it had been caused by the same cause as that which caused the damage.

(f) If the Leased Premises or Building are damaged to such an extent that the Lessor's architect or engineer certifies that the damage cannot be repaired within one hundred eighty (180) days from the date the damage occurs, then Lessee shall have the right to terminate this Lease by giving written notice within one hundred twenty (120) days of the date of damage.

### 13. Condemnation.

If the Leased Premises, or all or substantially all of the Building (or the use or possession thereof), shall be taken in condemnation proceedings or by exercise of any right of eminent domain, or by a private purchase in lieu thereof, then this Lease shall terminate and expire on the date of such taking or purchase and Lessee shall, in all other respects, keep, observe and perform all the other terms, covenants and

conditions of this Lease up to the date of such taking. The net proceeds of any award or other compensation payable in connection with such taking or purchase shall be paid to Lessor, and Lessee hereby assigns to Lessor all of its right, title and interest in and to such award or other compensation; provided, however, Lessee shall have the right to make a separate claim against the condemning authority for moving expenses, loss of business, and any other awards to which it may be entitled separately from any award due to Lessor, excluding the value of the leasehold interest which shall belong to Lessor. Lessee shall have no claim against Lessor for the value (if any) of the unexpired Term.

14. Assignment and Subletting.

(a) Lessee and any permitted Transferee, as hereinafter defined, shall not voluntarily or involuntarily, by operation of law or otherwise: (i) transfer, assign, mortgage, encumber, pledge, hypothecate, or assign all or any of its interest in this Lease, or (ii) sublet or permit the Leased Premises, or any part thereof, to be used by others including, but not limited to concessionaires or licensees, or (iii) issue new stock (or partnership shares or membership interests), create additional classes of stock (or partnership shares or membership interests), or sell, assign, hypothecate or otherwise transfer the outstanding voting stock (or partnership shares or membership interests) so as to result in a change in the present control of Lessee or any permitted Transferee, provided, however, that this subparagraph (iii) shall not be applicable to Lessee if it is a publicly owned corporation whose outstanding voting stock is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded actively in the over-the-counter market, or (iv) sell, assign or otherwise transfer all or substantially all of Lessee's or any permitted Transferee's assets; without the prior consent of Lessor, in each instance, which consent Lessor may withhold in its sole and absolute discretion. All of the foregoing transactions shall be referred to collectively or singularly as a "Transfer", and the Person to whom Lessee's interest is transferred shall be referred to as a "Transferee". Lessee shall not assign this Lease or sublet the Premises, without Lessor's consent, which consent may not be unreasonably withheld, conditioned or delayed.

(1) Notwithstanding anything to the contrary contained herein, provided Lessee shall not be in default after the expiration of any applicable notice and cure period, Lessee shall have the right, without Lessor's prior written consent, to Transfer the Lease to any wholly owned subsidiary of Lessee, or to any parent corporation, partnership or limited liability company of Lessee, or to any subsidiary of any parent corporation, partnership or limited liability company of Lessee, provided, however, that any such assignment shall be subject to the following express conditions: (i) no such assignment shall be deemed to release Lessee or any guarantor from continuing liability throughout the Term of the Lease; (ii) Lessee's assignee must expressly assume in an instrument delivered to and reasonably acceptable by Lessor all the obligations of Lessee under the Lease; (iii) Lessor is given thirty (30) days' prior written notice of Lessee's intent to assign the Lease together with sufficient documentation which verifies that all of the requirements set forth herein have been fulfilled and the conditions have been met. Lessor shall furnish the appropriate documentation in connection with any such assignment.

(2) Notwithstanding anything to the contrary contained herein, provided Lessee shall not be in default under the Lease after the expiration of any applicable notice and cure period, Lessee shall have the right, without Lessor's prior written consent, to assign the Lease (or to sell or transfer Lessee's stock) in connection with a merger, consolidation, corporate reorganization (other than pursuant to the bankruptcy laws), sale of corporate assets or sale or other transfer of stock, provided however, that said assignment shall be subject to the following express conditions: (a) concurrently with any assignment of the Lease or transfer of stock, the assignee or transferee, as the case may be, must also acquire the operation and control of seventy-five percent (75%) of Lessee's other retail outlets in the Washington D.C./Baltimore metropolitan area (or any other similar stores operating under the same or similar trade name as the Leased Premises is being operated under), whether then owned by Lessee or any of its affiliates (i.e., affiliates meaning corporations, partnerships or limited liability companies which either control Lessee, are controlled by Lessee, or are in common control with Lessee); (b) Intentionally Deleted; (c) no such assignment shall be deemed to release Lessee or any guarantor from continuing liability throughout the Term of the Lease; (d) Lessee's assignee must expressly assume in a written instrument delivered to and reasonably acceptable by Lessor all the obligations of Lessee under the Lease; (e) the Guarantor consents to such assignment; and (f) Lessee must provide notice and a representation that the above conditions are met to Lessor thirty (30) days before the effective date of such assignment, sale, or transfer. Lessor shall furnish the appropriate documentation in connection with any such assignment.

(3) Notwithstanding anything to the contrary contained herein, provided Lessee shall not be in default under the Lease after the expiration of any applicable notice and cure period, Lessee shall have the

right, without Lessor's prior written consent, to assign the Lease to any approved franchisee of Lessee (hereinafter the "Franchisee"), provided however, that said assignment shall be subject to the following express conditions: (i) no such assignment shall be deemed to release Lessee or any guarantor from continuing liability throughout the Term of the Lease; (ii) the Franchisee must expressly assume in a written instrument delivered to and reasonably acceptable by Lessor all the obligations of Lessee under the Lease; (iii) the Franchisee must have a net worth (excluding goodwill) of at least One Million Dollars (\$1,000,000.00) after the assignment; (iv) the Franchisee meets all of the requirements of Lessee including, but not limited to, taking part in the Lessee's training program and fulfilling Lessee's financial franchise requirements; (v) the Franchisee (if an individual) or the principal operating officer or managing partner of the Franchisee (if a corporation or partnership) has a minimum of three (3) years' experience operating a retail business; (vi) Lessor is given thirty (30) days' prior written notice of Lessee's intent to assign the Lease under this Section together with sufficient documentation which verifies that all of the requirements set forth herein have been fulfilled and the conditions have been met.

(b) If, without complying with the provisions of Section 14(a), this Lease is transferred or assigned by Lessee, or if the Leased Premises, or any part thereof, are sublet or occupied by anybody other than Lessee, whether as a result of any act or omission by Lessee, or by operation of law or otherwise, Lessor, whether before or after the occurrence of an Event of Default, may, in addition to, and not in diminution of or substitution for, any other rights and remedies under this Lease or pursuant to law to which Lessor may be entitled as a result thereof, collect rent from the transferee, assignee, subtenant or occupant and apply the net amount collected to the Basic Rent, Percentage Rent and Additional Charges herein reserved, but no such transfer, assignment, subletting, occupancy or collection shall be deemed a waiver of the provisions of this Section or the acceptance of the transferee, assignee, subtenant, or occupant as Lessee, or a release of Lessee from the further performance by Lessee of its obligations under this Lease.

(c) Neither the consent by Lessor to any transfer, assignment or subletting nor the references in any provision of this Lease or in any rules and regulations to concessionaires and licensees shall in anywise be construed to relieve Lessee from obtaining, in each instance, the express consent in writing of Lessor to any further transfer, assignment or subletting or to the granting of any concession or license for the use of any part of the Leased Premises.

(d) Notwithstanding the foregoing, Lessee shall be released from further liability after an assignment to a non-related third party, if: (i) the assignee has provided Lessor with updated, audited financial statements, acceptable to Lessor, that show that assignee has a tangible liquid net worth, exclusive of good will, in excess of \$10,000,000.00; and (ii) the assignee has executed an agreement, reasonably satisfactory to Lessor in which the assignee has agreed to assume all the obligations and liabilities of Lessee under the Lease.

#### 15. Default Provisions.

(a) Each of the following events shall be deemed to be, and is referred to in this Lease as, an "Event of Default":

(1) A default by Lessee in the due and punctual payment of any Basic Rent, Percentage Rent or Additional Charges which continues for more than seven (7) days after Lessor provides Lessee with written notice of any such default; provided, however, if Lessor provides Lessee with written notice on two (2) occasions during any twelve (12) month period, then during the twelve (12) month period following such 2nd notice, Lessor shall not be required to give Lessee notice and Lessee's failure to pay any installment of Rent within seven (7) days after the due date shall constitute an Event of Default under this Lease; or

(2) The neglect or failure of Lessee to perform or observe any of the terms, covenants or conditions contained in this Lease on Lessee's part to be performed or observed (other than those referred to in paragraph (1)) which is not remedied by Lessee within thirty (30) days after Lessor shall have given to Lessee written notice specifying such neglect or failure, provided, however, if such default is not capable of being cured within 30 days the time period shall be extended for so long as reasonably required if Lessee diligently commences and pursues such cure; or

(3) The assignment, transfer, mortgaging or encumbering of this Lease or the subletting of the Leased Premises in a manner not permitted by Section 14; or



(4) The taking of this Lease or the Leased Premises, or any part thereof, upon execution or by other process of law directed against Lessee, or upon or subject to any attachment at the instance of any creditor of or claimant against Lessee, which execution or attachment shall not be discharged or disposed of within 30 days after the levy thereof; or

(5) Except as expressly provided in this Lease to the contrary, the vacating (except pursuant to an assignment or subletting permitted under this Lease) or abandonment of the Leased Premises by Lessee.

(b) Upon the occurrence of an Event of Default, Lessor shall have the right, at its election, then or at any time thereafter while such Event of Default shall continue, either:

(1) To give Lessee written notice that this Lease will terminate on a date to be specified in such notice, which date shall not be less than three days after such notice, and on the date specified in such notice Lessee's right to possession of the Leased Premises shall cease and this Lease shall thereupon be terminated, but Lessee shall remain liable as provided in subsection (c); or

(2) Without demand or notice, to re-enter and take possession of the Leased Premises, or any part thereof, and repossess the same as of Lessor's former estate and expel Lessee and those claiming through or under Lessee and remove its or their effects, either by summary proceedings or by action at law or in equity or by force (if necessary) or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant.

If Lessor elects to reenter under paragraph (2), Lessor may terminate this Lease, or, from time to time, without terminating this Lease, may relet the Leased Premises, or any part thereof, as agent for Lessee for such term or terms and at such rental or rentals and upon such other terms and conditions as Lessor may deem advisable, with the right to make alterations and repairs to the Leased Premises. No such reentry or taking of possession of the Leased Premises by Lessor shall be construed as an election on Lessor's part to terminate this Lease unless a written notice of such intention is given to Lessee under paragraph (1) or unless the termination thereof be decreed by a court of competent jurisdiction. Lessee waives any right to the service of any notice of Lessor's intention to re-enter provided for by any present or future law.

(c) If Lessor terminates this Lease pursuant to subsection (b), Lessee shall remain liable (in addition to accrued liabilities) to the extent legally permissible for (i) (A) all Basic Rent, Percentage Rent and Additional Charges provided for in this Lease until the date this Lease would have expired had such termination not occurred, and (B) any and all reasonable expenses incurred by Lessor in re-entering the Leased Premises, repossessing the same, making good any default of Lessee, painting, altering or dividing the Leased Premises, combining the same with any adjacent space for any new tenants, putting the same in proper repair, reletting the same (including any and all reasonable attorneys fees and disbursements and reasonable brokerage fees incurred in so doing), and any and all expenses which Lessor may incur during the occupancy of any new tenant; less (ii) the net proceeds of any reletting. Lessee agrees to pay to Lessor the difference between items (i) and (ii) above with respect to each month during the Term, at the end of such month. Any suit brought by Lessor to enforce collection of such difference for any one month shall not prejudice Lessor's right to enforce the collection of any difference for any subsequent month. In addition to the foregoing, Lessee shall pay to Lessor such sums as the court which has jurisdiction thereof may adjudge reasonable as attorneys fees with respect to any successful law suit or action instituted by Lessor to enforce the provisions of this Lease. Lessor shall have the right, at its sole option, to relet the whole or any part of the Leased Premises for the whole of the unexpired Term, or longer, or from time to time for shorter periods, for any rental then obtainable, giving such concessions of rent and making such special repairs, alterations, decorations and painting for any new tenant as Lessor, in its sole reasonable discretion, may deem advisable. Lessor's liability as aforesaid shall survive the institution of summary proceedings and the issuance of any warrant thereunder. Lessor shall be under no obligation to relet the Leased Premises, but agrees to use its best efforts to do so.

(d) If Lessor terminates this Lease pursuant to subsection (b), Lessor shall have the right, at any time, at its option, to require Lessee to pay to Lessor, on demand, as liquidated and agreed final damages in lieu of Lessee's liability under subsection (c), an amount equal to the difference, discounted to the date of such demand at the rate of 5% per annum, between (i) the Basic Rent and Additional Charges, computed on the basis of the then current annual rate of Basic Rent and Additional Charges, which would have been payable from the date of such demand to the date when this Lease would have expired, if it had not been terminated, plus the average monthly Percentage Rent paid or payable for the twenty-four (24) months preceding such termination (or for the entire preceding portion of the Term if less than twenty-four (24)

months) multiplied by 12, and (ii) the then fair rental value of the Leased Premises for the same period. Upon payment of such liquidated and agreed final damages, Lessee shall be released from all further liability under this Lease with respect to the period after the date of such demand. If, after the Event of Default giving rise to the termination of this Lease, but before presentation of proof of such liquidated damages, the Leased Premises, or any part thereof, shall be relet by Lessor for a term of one year or more, the amount of rent reserved upon such reletting shall be deemed to be the fair rental value for the part of the Leased Premises so relet during the term of such reletting.

(c) In the event it becomes necessary for Lessor to obtain the services of an attorney in connection with any default hereunder or a breach of any covenant, agreement or condition herein set forth on the part of the Lessee, Lessee covenants and agrees that such attorneys' fees, if reasonable, shall be payable as additional rent upon ten (10) days' demand by Lessor, and that in any event any court shall have the power, in addition to all other relief allowed by this Lease or by law, to require Lessee to pay reasonable attorney's fees as set by such court (based on statements supplied by such attorney), plus the clerk's fee, the marshal's fee and any and all other additional costs that may be incurred.

#### 16. Bankruptcy Termination Provision.

Lessor shall have the right, upon five (5) days prior written notice to Lessee, to terminate this Lease upon the occurrence of any of the following events: (1) Lessee's admitting in writing its inability to pay its debts generally as they become due, or (2) the commencement by Lessee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or (3) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days, or (4) Lessee's making an assignment of all or a substantial part of its property for the benefit of its creditors, or (5) Lessee's seeking or consenting to or acquiescing in the appointment of, or the taking of possession by, a receiver, trustee or custodian for all or a substantial part of its property, or (6) the entry of a court order without Lessee's consent, which order shall not be vacated, set aside or stayed within 30 days from the date of entry, appointing a receiver, trustee or custodian for all or a substantial part of its property. The provisions of this Section 16 shall be construed with due recognition for the provisions of the federal bankruptcy laws, where applicable, but shall be interpreted in a manner which results in Lessor having the right to terminate this Lease in each and every instance, and to the fullest extent and at the earliest moment, that such termination is permitted under the federal bankruptcy laws, it being of prime importance to the Lessor to deal only with Lessees who have, and continue to have, a strong degree of financial strength and financial stability.

#### 17. Lessor May Perform Lessee's Obligations.

If Lessee shall fail to keep or perform any of its obligations as provided in this Lease in respect to (a) maintenance of insurance, (b) repairs and maintenance of the Leased Premises, (c) compliance with the Requirements, or (d) the making of any other payment or performance of any other obligation, then Lessor may (but shall not be obligated to do so) upon the continuance of such failure on Lessee's part for 10 days after written notice to Lessee (or after such additional period, if any, as Lessee may reasonably require to cure such failure if of a nature which cannot be cured within said 10 day period) and without waiving or releasing Lessee from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by Lessor and all necessary incidental costs and expenses, including attorneys fees, incurred by Lessor in making such payment or performing such obligation, together with interest thereon at the rate specified in Section 3(d) from the date of payment, shall be deemed an Additional Charge and shall be paid to Lessor on demand, or at Lessor's option may be added to any installment of Rent thereafter falling due, and if not so paid by Lessee, Lessor shall have the same rights and remedies as in the case of a default by Lessee in the payment of Rent.

#### 18. Intentionally Omitted

#### 19. Subordination, Financing Requirements

(a) This Lease and Lessee's interest hereunder shall be subject and subordinate to each and every ground or underlying lease now existing or hereafter made of the Building and/or underlying land and to all renewals, modifications, replacements and extensions thereof, and to the lien of any mortgage

now or hereafter placed upon the Building, and to all renewals, modifications, replacements, consolidations and extensions thereof and to any and all advances made thereunder and the interest thereon. Lessee agrees that within ten (10) days after written request therefor from Lessor, it will, from time to time, execute and deliver any instrument or other document required by any such lessor or mortgagee to subordinate this Lease and its interest in the Leased Premises to such lease or the lien of any such mortgage. Within thirty (30) days after Lease execution, Lessor will obtain a subordination, non-disturbance and attornment agreement from Lessor's existing lender in the form attached as Exhibit E, but Lessee shall pay all reasonable costs incurred by Lessor in obtaining the same. Lessee's obligation to subordinate to any future lender shall be conditioned upon Lessor obtaining for Lessee a non-disturbance agreement on the form subordination, non-disturbance and attornment agreement used by such lender at Lessee's sole cost and expense which shall provide that the holder of such mortgage or other lien shall be required to agree with Lessee that so long as Lessee is not in default under this Lease beyond the expiration of any applicable cure period, Lessee's possession of the Premises will not be disturbed by reason of such mortgage or other lien holder acquiring ownership of the Premises, whether by foreclosure, deed in lieu of foreclosure or otherwise.

(b) In the event that any bank, insurance company, university, pension or welfare fund, savings and loan association, real estate investment trust, business trust, or other financial institution providing interim construction financing for the Building and/or permanent financing for the Building requires, as a condition of such financing, that modifications to this Lease be obtained, and provided that such modifications (i) are reasonable, (ii) do not adversely affect Lessee's use of the Leased Premises as herein permitted, (iii) do not increase the rentals and other sums required to be paid by Lessee hereunder, and (iii) and do not impose any other material and adverse obligations upon Lessee other than as set forth in this Lease, Lessor shall submit such required modifications to Lessee, and Lessee shall enter into and execute a written amendment hereto incorporating such required modifications within ten (10) days after the same have been submitted to Lessee by Lessor. If Lessee shall fail to so enter into and execute such a written amendment, then Lessor shall thereafter have the right, at its sole option, to cancel and terminate this Lease by giving Lessee written notice of such termination, and Lessor shall thereupon be relieved from any and all further liability or obligation hereunder.

#### 20. Attornment.

Provided that such party assumes the obligation of the Lessor hereunder, thereafter accruing, then, in the event of (a) a transfer of Lessor's interest in the Leased Premises, (b) the termination of any ground or underlying lease of the Building and/or underlying land, or (c) the purchase of the Building or Lessor's interest therein at a foreclosure sale or by deed in lieu of foreclosure under any mortgage or pursuant to a power of sale contained in any mortgage, then in any of such events Lessee shall, at Lessor's request, attorn to and recognize the transferee or purchaser of Lessor's interest or the lessor under the terminated ground or underlying lease, as the case may be, as Lessor under this Lease for the balance then remaining of the Term, and thereafter this Lease shall continue as a direct lease between such person, as "Lessor", and Lessee, as "Lessee", and such lessor, transferee or purchaser pursuant to items (b) or (c) shall not be liable for any act or omission of Lessor prior to such lease termination or prior to such person's succession to title, nor be subject to any offset, defense or counterclaim accruing prior to such lease termination or prior to such person's succession to title, nor be bound by any payment of Basic Rent, Percentage Rent or Additional Charges prior to such lease termination or prior to such person's succession to title for more than one month in advance. Lessee agrees that, within fifteen (15) days after written request therefor from Lessor, it will, from time to time, execute and deliver any instrument or other document required by any mortgagee, transferee, purchaser or other interested person to confirm such attornment and/or such obligation to attorn so long as the Transferee assumes the obligations of Lessee thereafter accruing.

#### 21. Quiet Enjoyment.

Lessor covenants that Lessee, upon paying the Basic Rent, Percentage Rent and the Additional Charges provided for in this Lease, and upon performing and observing all of the terms, covenants, conditions and provisions of this Lease on Lessee's part to be kept, observed and performed, shall quietly hold, occupy and enjoy the Leased Premises during the Term without hindrance, ejection or molestation by Lessor or any party lawfully claiming through or under Lessor.

#### 22. Lessor's Right of Access

Lessor may, during any reasonable time or times, other than during peak dining hours so long as there is no emergency situation, before and after the Lease Commencement Date, enter upon the

Leased Premises, any portion thereof and any appurtenance thereto (with men and materials, if required) for the purpose of: (i) inspecting the same; (ii) making such repairs, replacements or alterations which it may be required to perform under the provisions of this Lease or which it may deem desirable for the Leased Premises or the Building, including but not limited to repairs and improvements to space above, below and/or on the same floor as the Leased Premises; and (iii) showing the Leased Premises to prospective purchasers or lessees. Lessor agrees to give reasonable advance notice prior to any such entry except that Lessor may enter without notice in the case of an emergency. In making such an entry, Lessor agrees to use reasonable efforts to avoid interfering with the regular and usual conduct of the Lessee's business. Notwithstanding the foregoing, Lessor shall, in exercising its rights under this Section, not make changes to the sidewalk in front of the Premise which will materially adversely obstruct or materially adversely affect access to and from the Leased Premises via Lessee's storefront entrance, provided, however, this paragraph shall not apply in instances where access and/or visibility is temporarily affected as a result of repairs, remodeling, renovation or other construction to the Building or as may be required by the government. Notwithstanding the foregoing, if Lessee's operation of its business is so materially and adversely affected as a result of actions taken by Lessor under this Section that Lessee, in Lessee's reasonable business judgment, is compelled to cease operating its business in the entire Leased Premises, then the Basic Rent and Additional Charges shall be fully abated commencing two (2) days after Lessee notifies Lessor in writing that it has ceased operating its business until (i) such time as Lessor shall have abated the work causing the interference, or (ii) Lessee, in Lessee's reasonable business judgment, reopens the Leased Premises for business to the public, whichever date is earlier. In addition, if as a result of the actions taken by Lessor under this Section 22, Lessee is deprived of using the Outside Café but not the Leased Premises for more than two (2) consecutive business days after notice from Lessee to Lessor, then Lessee shall be entitled to an abatement of Basic Rent for the period commencing on the date of the interruption and terminating upon the earlier of (i) the interruption ceasing or (ii) the date Lessee recommences business from the Outside Café. Such period of time is herein known as the "Abatement Period". During the Abatement Period, Lessee shall pay all Rent as set forth herein and only upon the expiration of the Abatement Period shall Lessee be entitled to a refund of Rent in accordance with the following formula: Such refund to be received by Lessee shall equal the Basic Rent paid for said Abatement Period less the product of the Basic Rent paid for the Abatement Period and a fraction, the numerator of which is the Gross Sales made during the Abatement Period and the denominator of which is the Gross Sales made during the identical period in the year immediately preceding the interference by Lessor. Said abatement, if any, shall be paid within 60 days after the end of the Abatement Period, provided that Lessee has furnished Lessor with the necessary Gross Sales information.

### 23. Limitation on Lessor's Liability.

(a) Except with respect to any damages resulting from the willful or negligent act or omission of Lessor, its agents, employees and contractors, Lessor shall not be liable to Lessee, its employees, agents, business invitees, licensees, customers, guests or trespassers for any damage or loss to the property of Lessee or others located on the Leased Premises or for any accident or injury to persons in the Leased Premises or the Building resulting from: the necessity of repairing any portion of the Building; the use or operation (by Lessee or any other person or persons whatsoever) of any elevators, or heating, cooling, electrical or plumbing equipment or apparatus; the termination of this Lease by reason of the destruction of the Building or the Leased Premises; any fire, robbery, theft and/or any other casualty; any leaking in any part or portion of the Leased Premises or the Building; any water, wind, rain or snow that may leak into, or flow from, any part of the Leased Premises or the Building; any acts or omissions of any occupant of any space adjacent to or adjoining all or any part of the Leased Premises; any water, gas, steam, fire, explosion, electricity or falling plaster; the bursting, stoppage or leakage of any pipes, sewer pipes, drains, conduits, ducts, appliances or plumbing works; the functioning or malfunctioning of the fire sprinkler system; the functioning or malfunctioning of any security system installed in the Building or any part thereof; or any other cause whatsoever. Notwithstanding anything in this Lease to the contrary, in the event that restoration of any interruption of utilities services is not the sole responsibility of the public utility service company or the Lessee, Lessor, at Lessee's cost and expense, shall use commercially reasonable efforts to assist Lessee in obtaining the restoration of such service after interruption, but Lessor shall not be responsible to Lessee for any interruption. If such interruption is caused by the negligence or willful misconduct of Lessor, its agents or employees, and Lessee is precluded from being open for business within the Leased Premises for a period of two (2) consecutive business days after notice from Lessee to Lessor, and provided that business interruption insurance available at the time in question would not provide reimbursement to Lessee for rental payments during this period, then Lessee's Rent shall abate commencing after such three (3) consecutive business day period and until the earlier of the date on which such utility service is restored or the date the Lessee reopens for business.

(b) Lessor shall not be required to perform any of its obligations under Section 5(a) or any other provision of this Lease, nor be liable for loss or damage for failure to do so, nor shall Lessee be released from any of its obligations under this Lease because of the Lessor's failure to perform, where such failure arises from or through acts of God, strikes, lockouts, labor difficulties, explosions, sabotage, accidents, riots, civil commotions, acts of war, results of any warfare or warlike conditions in this or any foreign country, fire and casualty, Requirements or other causes beyond the reasonable control of Lessor. If Lessor is so delayed or prevented from performing any of its obligations during the Term, the period of such delay or such prevention shall be deemed added to the time herein provided for the performance of any such obligation.

#### 24. Certificates.

Each party shall, without charge therefor, at any time and from time to time, within fifteen (15) days after request therefor, execute, acknowledge and deliver to the other party a written estoppel certificate certifying to the other party, any mortgagee, assignee of a mortgagee, or any purchaser of the Building, or any other person designated by the other party, as of the date of such estoppel certificate, (i) that Lessee is in possession of the Leased Premises, (ii) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and setting forth such modification); (iii) whether or not there are then existing any set-offs or defenses against the enforcement of any right or remedy of Lessor or Lessee, or any duty or obligation of Lessee or Lessor hereunder (and, if so, specifying the same in detail); (iv) the dates through which Basic Rent, Percentage Rent and Additional Charges have been paid; (v) that Lessee or Lessor has no knowledge of any then uncured defaults on the part of the other under this Lease (or if Lessee or Lessor, as the case may be, has knowledge of any such uncured defaults, specifying the same in detail); (vi) that Lessee or Lessor has no knowledge of any event having occurred that authorizes the termination of this Lease by Lessee or Lessor, as the case may be (or if Lessee or Lessor, as the case may be, has such knowledge, specifying the same in detail); and (vii) the amount of any Security Deposit held by Lessor.

#### 25. Surrender of Leased Premises.

(a) Lessee shall, on or before the last day of the Term, (i) peaceably and quietly leave, surrender and yield up to the Lessor the Leased Premises, free of subtenancies, broom clean and, subject to the provisions of Section 12, in good order and condition except for reasonable wear and tear, and (ii) at its expense, remove from the Leased Premises all movable trade fixtures, furniture, equipment, and other personal property (all of such property being hereinafter referred to in this Section as "Lessee's Property"); provided that Lessee shall promptly repair any damage caused by such removal. Any of Lessee's Property not so removed may, at the Lessor's election and without limiting Lessor's right to compel removal thereof, be deemed abandoned and either may be retained by Lessor as its property or be disposed of, without accountability, in such manner as Lessor may see fit.

(b) All installations, alterations, additions, betterments and improvements to the Leased Premises made by the Lessee, including, without limitation, all wiring, paneling, partitions, floor coverings, lighting fixtures, built-in cabinets, bookshelves affixed to walls, and the like (other than Lessee's Property), shall become the property of Lessor when installed and shall remain with the Leased Premises at the expiration or sooner termination of the Term, except that Lessor shall have the right, by notice to Lessee, to require Lessee, at its expense, to remove any of the property referred to in this subsection and to repair any damage caused by such removal.

(c) The provisions of this Section shall survive any expiration or termination of this Lease.

#### 26. Holding Over.

If Lessee shall hold possession of the Leased Premises after the end of the Term, Lessee shall be deemed to be occupying the Leased Premises as a Lessee from month to month, (i) at double the Basic Rent, Percentage Rent plus (2) Additional Charges, which computations shall be based on amounts payable for the last month of the Term, adjusted to a monthly basis, and subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable, or as the same shall be adjusted, to a month-to-month tenancy.

#### 27. Leasing Commission.

Lessor and Lessee each represent and warrant to the other that, except for the Leasing Broker, neither of them has employed any broker in carrying on the negotiations relative to this Lease. Lessor and Lessee shall each indemnify and hold harmless the other from and against any claim or claims for brokerage or other fees or commissions arising from or out of any breach of the foregoing representation and warranty. Lessor recognizes that the Leasing Broker (if any) is entitled to the payment of a commission for services rendered in the negotiation and obtaining of this Lease, and Lessor has agreed to pay such commission pursuant to a separate agreement.

#### 28. Renewal Options.

Lessee shall, unless Lessee is in default (after the giving of notice and the expiration of any applicable cure period) at the time of attempted exercise, have options to extend the Term of this Lease for two (2) additional consecutive five (5) year periods, exercisable by written notice to the Lessor given, in the case of the first renewal option, at least twelve (12) months prior to the expiration of the Initial Term and, in the case of the second renewal option, at least nine (9) months prior to the expiration of the first extended period. The second renewal option may not be exercised by Lessee unless the first renewal option was previously exercised and the Term was in fact extended pursuant thereto. The Basic Rent payable during each of the extended periods is set forth in Section 1(a)(2) above. Such renewal shall otherwise be on all of the terms and provisions set forth in this Lease.

#### 29. Right to "Go Dark".

In the event Lessee fails to achieve Gross Sales from the Leased Premises of at least \$2,000,000 in any consecutive 12 month period, Lessee shall not thereafter be required to remain continuously open for business. Even during periods when Lessee is closed for business, however, Lessee shall continue to pay Basic Rent and Additional Charges. In the event that Lessee so causes the Leased Premises to be closed for business for more than twelve (12) months, Lessor shall have the right, at anytime thereafter, on thirty (30) days written notice to Lessee, to terminate the Lease and recover possession of the Leased Premises, with Lessee to surrender the Leased Premises in accordance with Section 25. Such termination shall not serve to release Lessee or Lessor from any obligations hereunder accruing prior to the effective date of such termination.

#### 30. General Provisions.

(a) The covenants, conditions, agreements, terms and provisions herein contained shall be binding upon and shall inure to the benefit of the parties hereto and, subject to the provisions of Section 14, each of their respective personal representatives, successors and assigns. Each of the individuals named as an original Lessee hereunder shall be jointly and severally liable for all of the obligations of the Lessee hereunder.

(b) It is the intention of the parties hereto that this Lease (and the terms and provisions hereof) shall be construed and enforced in accordance with the laws of the jurisdiction in which the Building is located.

(c) No failure by either party to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance by the Lessor of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term, covenant, agreement, provision, condition or limitation, unless the same be incorporated in a written instrument signed by Lessor and making specific reference to this Lease and to the Lessee's obligations hereunder. No term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed or performed by Lessor or by Lessee, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Lessor or by Lessee, as the case may be. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant, agreement, provision, condition and limitation of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

(d) No notice, request, consent, approval, waiver or other communication which may be or is required or permitted to be given under this Lease shall be effective unless the same is in writing and is delivered in person or sent by registered or certified mail, return receipt requested, first-class postage prepaid,

(1) if to Lessor, at Lessor's Notice Address, or (2) if to Lessee, at Lessee's Notice Address, or at any other address that may be given by one party to the other by notice pursuant to this subsection. Such notices, if sent by registered or certified mail, shall be deemed to have been given one (1) day after the date of mailing.

(e) It is understood and agreed by and between the parties hereto that this Lease contains the final and entire agreement between said parties, and that they shall not be bound by any terms, statements, conditions or representations, oral or written, express or implied, not herein contained.

(f) Both parties hereby waive all right to trial by jury in any claim, action, proceeding or counterclaim by either Lessor or Lessee against the other on any matters arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee and/or Lessee's use or occupancy of the Leased Premises.

(g) Lessee hereby waives any objection to the venue of any action filed by Lessor against Lessee in any state or federal court of the jurisdiction in which the Building is located, and Lessee further waives any right, claim or power, under the doctrine of forum non conveniens or otherwise, to transfer any such action filed by Lessor to any other court.

(h) If Lessee is a corporation, it shall, concurrently with the signing of this Lease, furnish to Lessor certified copies of the resolutions of its Board of Directors (or of the executive committee of its Board of Directors) authorizing Lessee to enter into this Lease; and it shall, if applicable, furnish to Lessor certified copies of the resolutions of the Board of Directors (or of the executive committee of such Board of Directors) of any corporate guarantor, authorizing such corporation to guarantee the obligations of the Lessee under this Lease; and it shall furnish to Lessor evidence (reasonably satisfactory to Lessor and its counsel) that Lessee is a duly organized corporation under the laws of the State of its incorporation, is qualified to do business in the District of Columbia, is in good standing under the laws of the state of its incorporation and the District of Columbia, and has the power and authority to enter into this Lease, and that all corporate action requisite to authorize Lessee to enter into this Lease has been duly taken.

(i) Wherever the provisions of this Lease provide for arbitration, this paragraph shall be applicable. Each party shall select a disinterested arbitrator with experience in the commercial real estate field and the two (2) arbitrators thus selected shall appoint a third disinterested arbitrator with similar experience, and such three (3) arbitrators shall as promptly as possible make a determination as to the matters in dispute. The time and place of all meetings and hearings of the arbitrators shall be at a time and place mutually convenient to the parties, who shall each be given reasonable advance notice thereof. The parties shall each be entitled to present evidence to the arbitrators. In the event of a difference of opinion among the arbitrators, the majority opinion shall rule. If the obligation to pay rent shall be a subject of consideration by the arbitrators, Lessee shall at all times continue to pay such rent (including the disputed portions thereof) to Lessor in a timely manner, unless Lessor otherwise expressly agrees in writing, subject, however, to the final determination of the arbitrators and subject to either rebate or credit to Lessee should such determination be adverse to Lessor. The determination of the arbitrators shall be given in writing and signed by the arbitrators and a copy given to each party. The determination of the arbitrators shall be final and binding on the parties and need not state the reasons therefor. In the event of the failure, refusal or inability of any arbitrator to act, a new arbitrator shall be appointed in his stead, which appointment shall be made in the same manner as hereinabove provided. Each party shall bear the expenses of its own arbitrator, and shall share the expenses of the third arbitrator.

(j) Time is of the essence in the performance of all Lessee's obligations under this Lease.

(k) Wherever appropriate herein, the singular includes the plural and the plural includes the singular.

(l) If Lessor or Lessee brings any judicial action for any relief against the other, declaratory or otherwise, arising out of this Lease or the relationship between the parties created by this Lease, the losing party shall pay to the prevailing party a reasonable sum for attorneys' fees and all reasonable costs and disbursements actually incurred therein by the prevailing party, including, without limitation, any such reasonable fees, costs or disbursements incurred on any appeal from such action or proceeding, which sum shall be deemed to have accrued on the commencement of such action and which shall be paid whether or not the action is prosecuted to judgment and without the necessity for a cross-action by the prevailing party. The "prevailing party" will be the party that prevails in obtaining or resisting a remedy or relief which most nearly

reflects the remedy, relief or position which that party sought or defended; so that for example, the prevailing party may be a party which is ordered to pay \$100 where the obligation to pay \$80 was undisputed and the claiming party had asserted that it was entitled to receive \$1,000.

(m) Notwithstanding any provision to the contrary, Lessee shall look solely to the estate and property of Lessor in and to the Building (or the proceeds received by Lessor on a sale of such estate and property but not the proceeds of any financing or refinancing thereof) in the event of any claim against Lessor arising out of or in connection with this Lease, the relationship of Lessor and Lessee, or Lessee's use of the Leased Premises, and Lessee agrees that the liability of Lessor arising out of or in connection with this Lease, the relationship of Lessor and Lessee, or Lessee's use of the Leased Premises, shall be limited to such estate and property of Lessor (or sale proceeds). No other properties or assets of Lessor shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Lessee arising out of or in connection with this Lease, the relationship of Lessor and Lessee or Lessee's use of the Leased Premises, and if Lessee shall acquire a lien on or interest in any other properties or assets by judgment or otherwise, Lessee shall promptly release such lien on or interest in such other properties and assets by executing, acknowledging and delivering to Lessor an instrument to that effect prepared by Lessee's attorneys. The foregoing provisions of this subsection shall run to the benefit of the Lessor, its successors, assigns, mortgagees and ground lessors.

(n) This Lease has been executed in several counterparts, but all counterparts shall constitute one and the same instrument.

(o) Anything in this Lease to the contrary notwithstanding, in the event that any hazardous material is discovered by Lessee within the Leased Premises after the date of this Lease, Lessee shall promptly notify Lessor, and shall consult with Lessor concerning appropriate procedures to be followed. If the Hazardous Material was not introduced into the Leased Premises by Lessee or its employees, agents or contractors, then Lessor shall to the extent required by law, at Lessor's sole cost and expense, perform any necessary remedial work. If the Hazardous Material was introduced into the Leased Premises by Lessee or its employees, agents or contractors, then Lessee shall to the extent required by law, at Lessee's sole cost and expense, perform any necessary remedial work. If the Hazardous Material was not introduced into the Leased Premises by Lessee or its employees, agents or contractors, then during the period of the performance of such remedial work if Lessee is not, on a reasonable economic basis, able to, and does not, conduct its business at the Leased Premises, then Lessee shall be allowed an abatement of all Rent (and the Gross Sales Base shall be appropriately reduced) for the period commencing on the date that Lessee is not so able to, and does not so, conduct its business until Lessee's resumption of its business at the Leased Premises. If Lessee is unable to open for business on or before the Rent Commencement Date due to the remediation of asbestos in the Premises by Lessor, the Rent Commencement Date shall be delayed by one day for each day that Lessee is delayed from opening for business or until Lessee opens for business to the public.

(p) Lessor acknowledges that, in the ordinary course and operation of Lessee's business, Lessee will bring upon the Leased Premises, use, sell and handle reasonable quantities of materials customarily used in restaurants and bakeries which may now or hereafter be deemed to be Hazardous Materials, but in doing so Lessee shall strictly comply with all Environmental Laws applicable to the Leased Premises or such Hazardous Materials. Lessee agrees to defend, indemnify and hold harmless Lessor from and against any and all liabilities, demands, claims, losses, damages including but not limited to costs of remediation, causes of action or judgments, and all reasonable expenses incurred in investigating or resisting the same, arising directly or indirectly from, out of, or by reason of any Hazardous Materials generated, produced, brought upon, used, stored, treated or disposed of in or about the Leased Premises or the Building by Lessee, its agents, contractors or employees or arising from a breach by Lessee of its obligations under the preceding sentences during the Term of this Lease. As used in this Lease, "Environmental Laws" means any and all applicable federal, state and local statutes, regulations, ordinances and rules as presently existing or as may be amended or adopted in the future, pertaining to the protection of human health and/or the environment. "Hazardous Materials" means any and all hazardous, toxic or radioactive substance, waste, or material, including without limitation petroleum oil and its fractions, listed or defined by applicable Environmental Laws. Lessor hereby agrees to protect, defend, indemnify and hold Lessee harmless from and against all claims, liabilities, penalties, costs, fines, damages and expenses, including, but not limited to, costs and expenses which Lessee is obligated to incur to correct or remedy the situation, the costs of defending civil enforcement actions, the cost of participating in regulatory proceedings, or any other civil or administrative action, including without limitation, attorneys' and expert fees and disbursements, directly or indirectly incurred by Lessee arising out of: the presence of any Hazardous Materials in or about the Premises which were stored, used, generated, installed



or disposed of by Lessor, its agents, contractors or employees. The foregoing indemnification shall survive the expiration or earlier termination of this Lease.

(q) If for any reason Lessee ceases business at the Leased Premises, in accordance with Section 29 of this Lease, Lessee shall have the unrestricted right and consent from Lessor to remove all trademarks, names, marks, logos and any other registrable signs of Lessee, and any other characteristic photos or graphics or menu boards and special display equipment (specifically, but without limitation, the display cases, pizza oven, and bread display racks), all of which form the image for Lessee's operations and are the property of Lessee and as such is recognized by Lessor as removable by Lessee, if Lessee ceases business for any reason.

(r) Lessee shall retain an interest in the leasehold improvements for the purpose of capital depreciation during the Term of the Lease or until earlier termination.

(s) Notwithstanding anything to the contrary contained herein and so long as Lessee has not committed a default, beyond the expiration of any applicable notice and cure period, at the time of such request, Lessor hereby expressly agrees to subordinate any lien granted to Lessor, whether statutory or otherwise, in Lessee's personal property, trade fixtures, inventory, or stock-in-trade located in the Premises for non-payment of Rent, default by Lessee, or any other reason whatsoever. If any party shall require a further writing from Lessor evidencing the foregoing waiver, such writing shall be in a form reasonably agreeable to the parties.

(t) Notwithstanding anything to the contrary contained herein, Lessor (i) acknowledges that Lessee's use of the Leased Premises as a restaurant and/or bakery will create noises and aromas that are typical of a restaurant and/or bakery, and (ii) agrees that such normal and customary noises and aromas will not be an Event of Default.

(u) It is agreed that neither Lessee nor Lessor shall record this Lease and/or its Exhibits. Any violation of this clause shall be deemed an Event of Default on the part of the party recording this Lease, and Lessor shall have the right to cancel this Lease and take those steps necessary to remove the Lease and/or its Exhibits from any records. In the event of this action on the part of the non-recording party, the recording party agrees to bear any and all costs and expenses in connection therewith, including, but not limited to, Lessor's attorneys' fees. If either party desires to record a memorandum of lease, or any amended memorandum of lease, such party shall do so at its own cost and expense.

(w) Notwithstanding anything in this Lease to the contrary, it is expressly understood and agreed that Lessee shall be entitled to terminate this Lease by written notice delivered to Lessor within the time periods set forth below in the event any of the following conditions shall remain unsatisfied in Lessee's sole discretion (collectively, the "Conditions Period"):

(1) First Conditions (herein so called):

(i) Lessee shall have received evidence satisfactory to it that the Leased Premises is zoned for use as a bakery/restaurant, with related bar and/or cocktail lounge, including any conditional or special use permits required under applicable zoning ordinances;

(ii) The results of environmental and engineering tests to be conducted by Lessee on the Leased Premises shall be acceptable to it in light of the nature of the Improvements to be constructed thereon;

(iii) Lessee shall have received evidence satisfactory to it that all utility service connections, including, without limitation, gas, electricity, water, sanitary sewer, storm sewer, telephone, cooking exhaust and make-up air are available for hook-up at locations designated by Lessee in Lessee's sole discretion with capacities sufficient for Lessee's intended use thereof; and

(iv) Lessee shall have obtained a commitment for title insurance for the Leased Premises (the "Commitment") and a current survey of the land on which the Leased Premises is situated certified for the benefit of Lessee (the "Survey"), and such Commitment (including the property taxes and assessments affecting the Leased Premises which are described therein) and Survey shall be satisfactory to Lessee.

(2) Second Conditions (herein so called):

(i) Lessee will be able to procure a general contract relating to the construction of the Lessee's Work in an amount reasonably satisfactory to Lessee; and

(ii) Lessee shall have obtained, or received evidence satisfactory to it that it will be able to obtain, from the appropriate governmental authorities all permits and licenses necessary for the on-Leased Premises and off-Leased Premises sale and consumption of wine, beer, cocktails and other alcoholic beverages on the Leased Premises; and

(3) If any of the First Conditions shall not be satisfied in a manner satisfactory to Lessee, in its sole discretion, prior to the expiration of a period of sixty (60) days from the Effective Date, then Lessee shall be entitled to terminate this Lease by written notice delivered to Lessor as hereinafter provided and the parties shall be relieved of any and all further obligations hereunder. If Lessee has not so notified Lessor on or before the expiration of such sixty (60) day period, then all such First Conditions shall be deemed satisfied.

(4) If the Second Conditions is not satisfied in a manner reasonably satisfactory to Lessee, in its sole discretion, prior to the expiration of a period of one hundred fifty (150) days from the Effective Date, then Lessee shall be entitled to terminate this Lease by written notice delivered to Lessor as hereinafter provided and the parties shall be relieved of any and all further obligations hereunder. If Lessee has not so notified Lessor on or before the expiration of such one hundred fifty (150) day period, then the Second Condition shall be deemed satisfied.

(5) All conditions set forth above as well as the Permit Contingency in Section 2 (c) shall be deemed satisfied and waived if Lessee commences Lessee's Work in the Leased Premises.

(x) Lessor will not hereafter enter into a Lease Agreement with Xando, Starbucks Coffee, Au Bon Pain, Panera/St. Louis Bread, Soprafina or Cosi's or to any tenant that offers sandwiches as more than 25% of its menu items. Notwithstanding the foregoing, it is expressly understood that the presently existing tenants to the extent such tenant is presently using or, in connection with an existing tenant's change of use, Lessor cannot preclude such use pursuant to the terms of such existing lease (including any expansion of such tenant's premises), and any lease renewals, extensions, relocations or replacement of such tenants (including without limitation Cup-a-Cup and 1828 L Street Newsstand) are specifically excluded from this restriction and the application thereof. The Lessee acknowledges that the foregoing covenant has been granted by Lessor at the request and insistence of Lessee. In the event Lessor receives a claim from a third party, whether a governmental officer or private party, claiming that the terms and provisions of this Section constitute a violation of a law or statute, or are not enforceable in claims, damages or compensation, then Lessee shall be immediately informed by Lessor and Lessee shall defend, hold harmless and indemnify Lessor from and against any expense, liability or damages resulting from such claim, demand or liability.

(y) Lessee acknowledges that Lessor cannot preclude the city from granting anyone a right to use the sidewalk or other public-right-of-ways for a use that conflicts with Tenant's exclusive rights set forth in Section 30 (x) above. Notwithstanding Lessor agrees upon request from Lessee, and at no cost to Lessor, to assist Lessee in challenging any kiosk or other vendor using such area directly outside of the Leased Premises.

(Signature Page to Follow)

IN WITNESS WHEREOF, Lessor has caused this Lease, including the attached Addendum, if any, to be signed and sealed and Lessee has caused this Lease, including the attached Addendum, if any, to be signed and attested in its corporate name by its proper corporate officers and its corporate seal to be affixed as of the day and year first above written, and Lessee does hereby constitute and appoint \_\_\_\_\_ its true and lawful Attorney in fact, for it and in its name to acknowledge and deliver these presents as its act and deed.

WITNESS:

LESSOR:

1828 L STREET ASSOCIATES  
LIMITED PARTNERSHIP

By: TOWER D.C. HOLDINGS, LLC

Aileen A. Blakely

Gary M. Abramson  
Gay M. Abramson  
Manager

Federal Tax ID # 9190

LESSEE:

~~MAGGIANO'S/CORNER BAKERY L.P., a Texas~~  
~~limited partnership~~  
MAGGIANO'S/CORNER BAKERY HOLDING CORPORATION  
a Delaware corporation

By: Barbara L. Mahoney  
Print: Barbara L. Mahoney  
Title: Chief Exec  
[Corporate Seal]

By: Jay L. Tobin  
Print: JAY L. TOBIN  
Title: V.ICE PRESIDENT

Federal Tax ID #: 3869

STATE OF MARYLAND

SS:

COUNTY OF MONTGOMERY

I hereby certify that on this 30<sup>th</sup> day of January, 2001, before me, a Notary Public, in and for the State of Maryland, County of Montgomery, personally appeared Gary M. Abramson, who as Manager of Tower D.C. Holdings, LLC, general partner of 1828 L STREET ASSOCIATES LIMITED PARTNERSHIP, did acknowledge the foregoing Lease dated January 30, 2001 including the attached Addendum, if any, to be the act and deed of said partnership.

Witness my hand and notarial seal



Linda R. Bloesch  
Notary Public

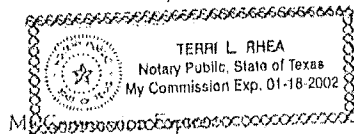
State of Texas  
County of Dallas

SS:

I hereby certify that on this 23<sup>rd</sup> day of January, 2001, before me, the subscriber, a Notary Public, in and for the jurisdiction aforesaid, do hereby certify that Jay L. Tobin, who is personally well known to me (or proved by the oath of credible witnesses to be) the Vice President of Maggianno's/Corner Bakery, L.P., a Texas limited partnership and the person named as general partner in the foregoing and attached Lease dated January 30, 2001 personally appeared before me in my jurisdiction aforesaid and as general partner acknowledged the same to be the act and deed of said limited partnership for the purposes therein contained.

Maggianno's/Corner Bakery Holding Corporation, a Delaware corporation

Witness my hand and notarial seal.



Terri L. Rhea  
Notary Public

MAGGLIANO'S/CORNER BAKERY HOLDING CORPORATION,  
a Delaware corporation

Guaranty

In order to induce 1828 L Street Associates Limited Partnership ("Landlord") to execute and deliver that certain Retail Lease Agreement of even date (the "Lease") between Landlord and ~~MAGGLIANO'S/CORNER BAKERY, a Delaware corporation~~ ("Tenant") and in consideration thereof, the undersigned ("Guarantor") hereby unconditionally, absolutely and irrevocably guarantees to Landlord, and its successors and assigns, the prompt and full payment and performance by Tenant of each and every item, covenant, condition, provision and obligation to be paid, kept, observed or performed by Tenant under the Lease, together with any and all costs and expenses, including reasonable attorneys' fees, which may be incurred by Landlord in connection with any default by Tenant under the Lease or enforcing the Lease and/or this Guaranty. Guarantor expressly acknowledges that he, she or it has reviewed the Lease and understands the same. If there is more than one Guarantor, the terms and conditions of this Guaranty shall apply to all Guarantors jointly and severally.

The undersigned further covenants and agrees that Landlord may at any time or from time to time, in its sole and absolute unfettered discretion, without notice to the undersigned:

(a) Extend or change the time of payment of any rent due under the Lease or any other payment required to be made by Tenant under said Lease, or the manner, place, or terms of performance or observance of any of the terms, covenants, conditions, provisions or obligations to be kept, observed or performed by Tenant under the Lease; and/or

(b) Modify any of the terms, covenants, conditions or provisions of the Lease, or waive compliance with any of the terms, covenants, conditions, provisions or obligations under the Lease.

Payment by the undersigned under this Guaranty is to be made without requiring any proceedings to be taken against Tenant for the collection of any amounts owed by Tenant under the Lease or for the keeping, performing or observing of any of the terms, covenants, conditions, provisions or obligations to be observed by Tenant under the Lease. Notice of acceptance of this Guaranty, presentment for payment, notice of dishonor, protest and notice of protest thereof are hereby completely and fully waived by the undersigned.

This Guaranty shall be binding upon the undersigned, his or its respective successors, assigns, personal or legal representatives and heirs, and shall inure to the benefit of Landlord and Landlord's successors and assigns. The undersigned hereby covenants and agrees that this Guaranty may be assigned by Landlord, without recourse, in connection with any sale or assignment by Landlord of part or all of its interest in the Shopping Center in which the demised premises under the Lease are contained.

The terms, covenants, conditions and obligations contained in this Guaranty may not be waived, changed, modified, discharged, or abandoned, except by agreement in writing, signed by the party or parties against whom enforcement of any waiver, change, modification, discharge or abandonment is sought.

All notices or other communications to be provided pursuant to this Guaranty shall be in writing and shall be deemed to be properly served if sent by registered or certified mail or Federal Express or similar courier service with overnight delivery or via professional messenger service (with receipt therefor) or by certified or registered mail, return receipt requested, (i) if to Landlord, c/o The Tower Companies, 11501 Huff Court, North Bethesda, Maryland 20895 and (ii) if to Guarantor, at the address set forth below. All notices or other communications to be provided pursuant to this Guaranty sent by certified or registered mail, return receipt requested, first-class postage prepaid shall be deemed effective when they are mailed, otherwise such notices shall be effective upon receipt.

Waiver of Jury Trial. TO INDUCE LANDLORD AND GUARANTOR TO ENTER INTO THIS GUARANTY, LANDLORD AND GUARANTOR EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY ON ANY OR ALL ISSUES ARISING IN ANY ACTION OR PROCEEDING BETWEEN LANDLORD AND GUARANTOR OR THEIR SUCCESSORS, ASSIGNS, PERSONAL OR LEGAL REPRESENTATIVES AND HEIRS UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY OF ITS PROVISIONS. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY LANDLORD AND GUARANTOR, AND LANDLORD AND GUARANTOR EACH ACKNOWLEDGE THAT NEITHER LANDLORD NOR GUARANTOR NOR ANY PERSON ACTING ON BEHALF OF LANDLORD OR GUARANTOR HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. LANDLORD AND GUARANTOR EACH FURTHER ACKNOWLEDGE THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS LEASE WITH LEGAL COUNSEL.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the 23<sup>rd</sup> day of January, 2001.

ATTEST:

GUARANTOR

BRINKER INTERNATIONAL, INC. a Delaware corporation

By: Jay L. Sol  
Jay L. Sol  
Senior Vice President

**SEVENTH AMENDMENT TO  
RETAIL LEASE AGREEMENT**

THIS SEVENTH LEASE AMENDMENT (the "**Seventh Amendment**") is made this 9<sup>th</sup> day of May, 2022 (the "**Effective Date**"), by and between (i) 1828 L STREET ASSOCIATES, LLC, a District of Columbia limited liability company (hereinafter referred to as "**Landlord**"), (ii) CBC RESTAURANT CORP., a Delaware corporation (hereinafter referred to as "**Tenant**").

RECITALS:

A. Landlord and Tenant previously entered into that certain Retail Lease Agreement dated January 30, 2001, as amended by that certain First Amendment to Retail Lease Agreement dated July 30, 2001, that certain Second Amendment to Retail Lease Agreement entered into and effective as of July 10, 2001, that certain Third Amendment to Retail Lease Agreement dated March 4, 2016 (the "**Third Amendment**"), that certain Fourth Amendment to Retail Lease Agreement dated July 31, 2020 (the "**Fourth Amendment**"), that certain Fifth Amendment to Retail Lease Agreement dated November 12, 2020, and that certain Sixth Amendment to Retail Lease Agreement dated August 16, 2021 (the "**Sixth Amendment**") (collectively, the "**Lease**"), pursuant to which the Landlord leased to Tenant certain premises in Landlord's office building (the "**Building**") located at 1828 L Street, NW, Washington, DC containing 3,472 rentable square feet on the first floor (the "**Leased Premises**") for the conduct of Tenant's business.

B. Tenant has requested additional temporary relief from certain financial burdens under the Lease as a result of the COVID-19 Pandemic, and Landlord has agreed to grant additional temporary relief to Tenant subject to the terms and conditions set forth herein.

ACCORDINGLY, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Recitals; Defined Terms. The foregoing Recitals are incorporated herein by reference. Except as otherwise defined herein, all capitalized terms used in this Seventh Amendment shall have the meanings provided in the Lease.

2. Temporary Relief from Payment of Basic Rent. Notwithstanding anything contained in the Lease to the contrary, the parties agree to the following:

(a) Basic Rent and Additional Charges. Beginning as of January 1, 2022, through and including June 30, 2022 (the "**Seventh Amendment Rent Relief Period**"), in lieu of Basic Rent otherwise payable under the Lease during the Seventh Amendment Rent Relief Period, Tenant agrees to pay as monthly Basic Rent an amount equal to the greater of (i) Eleven Thousand Five Hundred Seventy-four and 34/100 Dollars (\$11,574.34) per month, equaling fifty percent (50%) of Basic Rent due per month under the Lease as set forth in the Third Amendment, or (ii) ten percent

(10%) of Tenant's Gross Sales from the Leased Premises for the immediately preceding calendar month during the Seventh Amendment Rent Relief Period (the "**Seventh Amendment Alternative Basic Rent**"), plus Tenant's Utility Usage Charges, Tenant's Proportionate Share of Real Estate Taxes and Tenant's Proportionate Share of Landlord's Insurance Premiums. In accordance with Section 3(f) of the Sixth Amendment, as of the Effective Date of this Seventh Amendment, and as set forth on Exhibit A attached hereto, Tenant paid Landlord the January 2022 Basic Rent as set forth in the Lease prior to the Fourth Amendment in the amount of Twenty Three Thousand One Hundred Forty-six and 67/100 Dollars (\$23,146.67). The parties hereto agree that such Basic Rent payment shall be applied to the Seventh Amendment Alternative Basic Rent due and payable for the months of January and February 2022.

(b) Rent Abatement. In accordance with Section 3(b) of the Sixth Amendment, as of December 31, 2021, the Initial Rent Abatement and the Second Rent Abatement is equal to Two Hundred Eighty Nine Thousand Three Hundred Thirty-three and 38/100 Dollars (\$289,333.38). For the Seventh Amendment Rent Relief Period, Landlord agrees to abate the difference between the Basic Rent payable under the Lease during the Seventh Amendment Rent Relief Period and the Seventh Amendment Alternative Basic Rent (the "**Third Rent Abatement**"). For purposes of the Lease, as amended hereby, the "**Rent Abatement**" shall mean the aggregate of the Initial Rent Abatement, the Second Rent Abatement and the Third Rent Abatement.

(c) Rent Deferment. In accordance with Section 3(d) of the Sixth Amendment, as of December 31, 2021, the "**Sixth Amendment Rent Deferment**" equals Sixty Eight Thousand Two Hundred Eighty-three and 77/100 Dollars (\$68,283.77). Per the Sixth Amendment, as of the Effective Date of this Seventh Amendment, and as set forth on Exhibit A attached hereto, Tenant paid Landlord the January 2022 Sixth Amendment Rent Deferment in the amount of Three Thousand Seven Hundred Ninety-three and 54/100 Dollars (\$3,793.54). Therefore, as of the Effective Date of this Seventh Amendment, the Rent Deferment equals Sixty Four Thousand Four Hundred Ninety and 19/100 Dollars (\$64,490.19). Landlord agrees to defer repayment of the Rent Deferment during the period beginning February 1, 2022 through June 30, 2022 (the "**Seventh Amendment Rent Deferment Period**"). Beginning on July 1, 2022, Tenant shall resume paying Basic Rent at the rate set forth in the Lease for the remainder of the Lease Term, in accordance with the terms of the Lease prior to the Fourth Amendment. In addition to the Basic Rent and Additional Charges then payable under the Lease, as amended hereby, for the seventeen (17) month period beginning on July 1, 2022 and ending November 30, 2023 (the "**Deferred Rent Payback Period**"), Tenant agrees to pay Landlord the Rent Deferment in equal monthly installments, each in the amount of Three Thousand Seven Hundred Ninety-three and 54/100 Dollars (\$3,793.54).

(d) Notwithstanding anything contained herein to the contrary, in accordance with the provisions of the Lease and, as set forth above, Tenant is responsible for the payment of Tenant's Utility Usage Charges, Tenant's Proportionate Share of Real Estate Taxes and Tenant's Proportionate Share of Landlord's Insurance Premiums without any temporary relief from payment thereof.

3. Condition Precedent/Landlord's Conditional Waiver of Default.

(a) As set forth on Exhibit A attached hereto and incorporated herein, Tenant currently owes Landlord, the following amounts: Tenant's Utility Usage Charges, Tenant's Proportionate Share of Real Estate Taxes and Tenant's Proportionate Share of Landlord's Insurance Premiums in the amount of Seventeen Thousand Two Hundred Eighty-six and 75/100 Dollars (\$17,286.75) (collectively, the "**Rent Delinquency**"). It is a condition precedent to this Seventh Amendment that Tenant pays the Rent Delinquency in the total amount of \$17,286.75 to Landlord no later than the Effective Date of this Seventh Amendment.

(b) Provided Tenant complies with the terms of this Seventh Amendment, Tenant's failure to pay the amounts due under the Lease prior to May 1, 2022, shall not be treated as an Event of Default, or an event which with the passage of time or giving of notice or both would constitute an Event of Default, and therefore, Landlord waives any late fees or penalties that may have been due in connection therewith.

4. Conditions Subsequent/No Future Defaults. It shall be a condition subsequent to the effectiveness of this Seventh Amendment that, during the Seventh Amendment Rent Relief Period and/or the Deferred Rent Payback Period, there shall not arise any Event of Default by Tenant under the Lease. Notwithstanding anything contained herein to the contrary, should any Event of Default arise during the Seventh Amendment Rent Relief Period and/or the Deferred Rent Payback Period, the provisions of Sections 2 and 3 of this Seventh Amendment shall be abrogated and cancelled effective retroactively to December 31, 2021, with the same effect as if such provisions had never become effective, and the Rent Abatement and the Rent Deferment shall be due immediately upon demand.

5. Covenants. The parties acknowledge that the covenants set forth in Section 5 of the Fifth Amendment apply to this Seventh Amendment and constitute an essential component of the consideration being provided in order to induce the parties to enter into this Seventh Amendment and that the covenants of Tenant set forth herein constitute the consideration being provided to Landlord for the rent relief granted pursuant to the terms of Sections 2 and 3 above.

6. Rights of Landlord upon Subsequent Event of Default. Notwithstanding anything contained herein to the contrary, should an Event of Default arise after the date hereof, Landlord shall be entitled to take such action as Landlord in its sole discretion deems advisable under the provisions of Section 15(b) of the Lease.

7. Ratification of Lease. Except as amended herein, the Lease is hereby ratified and approved in all respects, and the provisions thereof shall be incorporated by reference herein with such modifications as are either set forth herein or are appropriate to a fair interpretation of the provisions hereof. In the event of a conflict between the provisions of this Seventh Amendment and the provisions contained in the Lease prior to this Seventh Amendment, the provisions of this Seventh Amendment shall control.



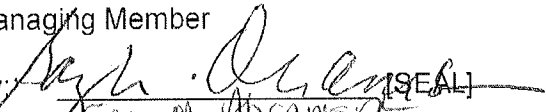
8. Reservation of Rights. Notwithstanding any temporary accommodation or deferral with respect to payment of Tenant's Basic Rent and/or any Additional Charges, in whole or in part, Landlord reserves all rights, claims and remedies provided under the Lease. The Landlord's failure to strictly enforce Tenant's obligations under the Lease shall not constitute a waiver of any of Landlord's rights, claims and remedies under the Lease.

IN WITNESS WHEREOF, the parties have executed this Seventh Amendment as of the Effective Date.

LANDLORD:

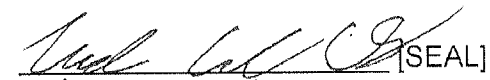
1828 L STREET ASSOCIATES, LLC

By: TOWER D.C. HOLDINGS, LLC, its  
Managing Member

By:  [SEAL]  
Name: Gay M. Abramson  
Manager

TENANT:

CBC RESTAURANT CORP.

By:  [SEAL]  
Name: Valentino DiGiorgio  
Title: General Counsel

**EXHIBIT A**  
**CORNER BAKERY**

**RENT DELINQUENCY**

**Lease Unpaid Charges**

Tenant: CORNER BAKERY CAFE #179(t0000173)

Date	Description	Charge	Payment	Net Due
9/1/2021	Base Rent - Commercial (09/2021)	23,146.67	10,096.32	12,410.19
10/1/2021	Base Rent - Commercial (10/2021)	23,146.67	5,786.67	17,360.00
11/1/2021	Base Rent - Commercial (11/2021)	23,146.67	5,786.67	17,360.00
12/1/2021	Base Rent - Commercial (12/2021)	23,146.67	5,786.67	17,360.00
1/12/2022	Elec 2021-12	2,121.94	0.00	2,121.94
1/12/2022	Water 2021-12	479.38	0.00	479.38
2/1/2022	Base Rent - Commercial (02/2022)	23,146.67	0.00	23,146.67
2/1/2022	R E Tax Expense Estimate (02/2022)	3,060.53	0.00	3,060.53
2/1/2022	O E Estimate (Office) (02/2022)	83.39	0.00	83.39
2/10/2022	Electric 2022-01	2,174.48	0.00	2,174.48
2/10/2022	Water 2022-01	326.82	0.00	326.82
3/1/2022	Base Rent - Commercial (03/2022)	23,146.67	0.00	23,146.67
3/1/2022	R E Tax Expense Estimate (03/2022)	3,060.53	0.00	3,060.53
3/1/2022	O E Estimate (Office) (03/2022)	83.39	0.00	83.39
3/10/2022	Elec 2022-02	2,360.19	0.00	2,360.19
3/10/2022	Water 2022-02	392.18	0.00	392.18
4/1/2022	Base Rent - Commercial (04/2022)	23,146.67	0.00	23,146.67
4/1/2022	R E Tax Expense Estimate (04/2022)	3,060.53	0.00	3,060.53
4/1/2022	O E Estimate (Office) (04/2022)	83.39	0.00	83.39
	<b>TOTAL</b>	<b>179,313.44</b>	<b>28,096.49</b>	<b>151,216.95</b>

### Assignment Agreement

This Assignment Agreement (herein so called), dated as of Feb 1, 2006 (the "Effective Date"), is made by and among Brinker Corner Bakery II, LLC, a Delaware limited liability company ("Assignor"), Brinker International, Inc., a Delaware corporation ("Guarantor") and CBC Restaurant Corp., a Delaware corporation ("Assignee").

### Preliminary Statements

A. 1828 L Street Associates Limited Partnership ("Landlord") and Assignor, as tenant, are parties to that certain retail lease agreement dated January 30, 2001 for real property located at 1828 L Street, NW, Washington, DC (the "Leased Premises"), where Assignor currently operates a Corner Bakery Cafe (the "Lease"). The term "Lease" shall also be deemed to include the documents, agreements, and instruments set forth on Exhibit A.

B. In connection with that certain Asset Purchase Agreement dated as of September 30, 2005 between Brinker International, Inc. and Assignee (the "Asset Purchase Agreement"), Assignee is purchasing all or substantially all of the Corner Bakery Cafe restaurants from Assignor and its affiliates, and the parties desire to assign the Lease in accordance with the Asset Purchase Agreement and this Assignment Agreement.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth in this Assignment Agreement.

1) Assignment and Assumption. As of the Effective Date, Assignor assigns to Assignee all of Assignor's right, title and interest in and to the Lease and in and to any security deposits heretofore paid by Assignor under the Lease, and Assignee hereby accepts such assignment. As of the Effective Date, Assignee hereby (i) assumes all of Assignor's duties, obligations, and liabilities under the Lease arising on and after the Effective Date; and (ii) agrees to perform and observe all of the terms, conditions, restrictions, and covenants applicable to Assignor under the Lease arising on or after the Effective Date; provided that Assignee is not assuming, and Assignor shall remain liable for, all duties, obligations and liabilities arising under the Lease prior to the Effective Date.

2) Further Assurances. Assignor, Guarantor and Assignee hereby agree to do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, transfers, assignments, conveyances and assurances as may be reasonably requested by the other in order to effect the full assignment and assumption of the Lease as contemplated herein.

3) Guaranty. Guarantor, for the benefit of Landlord and Assignor, hereby unconditionally, absolutely and irrevocably guarantees the full payment and performance of all rights, duties, obligations, and liabilities (including, without limitation, the payment of rent) imposed upon Assignee under the terms of the Lease. This is a continuing guaranty of payment, not a guaranty of collection. Guarantor expressly waives notice of acceptance of this guaranty and any other notices which, by law or under the Lease, are required to be given by Landlord and/or Assignor.

(a) In the event of a default or failure by Assignee to pay and/or perform its obligations under the Lease, Guarantor waives any legal duty for Landlord and/or Assignor to proceed first against Assignee prior to the commencement of proceedings against Guarantor. Guarantor further agrees that Landlord and/or Assignor may, in their sole discretion, institute legal proceedings solely against either Guarantor or Assignee or jointly against Guarantor and Assignee.

(b) Guarantor's liability shall not be affected by an indulgence, compromise, or settlement agreed upon by Landlord and/or Assignor and, in such event, Guarantor shall not be released but shall continue to be fully liable for payment and performance of all rights, duties, obligations, and liabilities imposed upon Assignee under the Lease.

4) Limitation on Renewals and Extensions. Assignee shall not extend the term of the Lease, or exercise any renewal, extension or option term that extends the term of the Lease, beyond the expiration of the last renewal, extension or option term that commences prior to December 31, 2020, without Assignor's prior written consent (which consent shall be conditioned upon Assignee causing Landlord to fully release Assignor and Guarantor from any and all liability under the Lease that arises after such date).

5) Notices. Any notice required or permitted hereunder shall be given in writing, sent by (a) personal delivery, (b) generally recognized overnight courier service with proof of delivery, (c) United States Mail, postage prepaid, registered or certified mail, or (d) facsimile (provided that such facsimile is confirmed in a manner specified in clauses (a)-(c) above), addressed as set forth below, or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been given either (i) at the time of personal delivery, (ii) in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or (iii) in the case of facsimile, upon receipt (provided that such facsimile is confirmed in a manner specified in clauses (a)-(c) above).

If to Assignor and/or Guarantor:                      Brinker International, Inc.  
6820 LBJ Freeway  
Dallas, Texas 75240  
Attn: General Counsel  
Fax: 972-770-9465

If to Assignee:    CBC Restaurant Corp.  
c/o Il Fornaio (America) Corporation  
770 Tamalpais Drive #400  
Corte Madera, California 94925  
Attn: Michael Hislop  
Fax: 415-924-0906

6) Effect of Assignment Agreement. This Assignment Agreement is not intended to modify, enlarge or restrict the rights and obligations of the parties to the Asset Purchase Agreement. In the event of a conflict between the terms and conditions of this Assignment Agreement and the terms and conditions of the Asset Purchase Agreement, the terms and conditions of the Asset Purchase Agreement shall govern, supersede and prevail.

7) Miscellaneous Provisions.

(a) Captions. The captions used in this Assignment Agreement are for convenience only and shall not be deemed to amplify, modify or limit the provisions hereof.

(b) Gender. Words of any gender used in this Assignment Agreement shall be construed to include any other gender, and words in the singular shall include the plural and vice versa, unless the context otherwise requires.

(c) Binding Effect. This Assignment Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

(d) Severability. If any term or provision, or any portion thereof, of this Assignment Agreement shall, to any extent, be invalid or unenforceable, then the remainder of this Assignment Agreement shall not be affected thereby and each remaining term and provision of this Assignment Agreement shall be valid and enforced to the fullest extent permitted by law.

(e) Counterparts. This Assignment Agreement may be signed in counterparts with the same force and effect as if all required signatures were contained in a single, original instrument.

(f) Attorneys' Fees. In the event of litigation between the parties to enforce this Assignment Agreement, the prevailing party in any such action shall be entitled to recover reasonable costs and expenses of suit, including, without limitation, court costs, attorneys' fees, and discovery costs.

(g) Governing Law. This Assignment Agreement shall be construed, interpreted, and enforced pursuant to the applicable laws of the State in which the Leased Premises is located.

(h) Entire Agreement. This Assignment Agreement, together with the Asset Purchase Agreement and its ancillary documents, sets forth the entire agreement between the parties with respect to the transaction contemplated by this Assignment Agreement, and no amendment or modification of this Assignment Agreement shall be binding or valid unless expressed in writing executed by all of the parties hereto.

(i) Warranty of Authority. Each individual executing this Assignment Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized to execute and deliver this Assignment Agreement on behalf of such party and that this Assignment Agreement is binding upon such party.

(j) Rules of Construction. The terms of this Assignment Agreement have been examined, reviewed, negotiated, and revised by counsel for each party, and no implication will be drawn against any party by virtue of the preparation and drafting of this Assignment Agreement.


[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement to be effective as of the Effective Date.

Assignor:

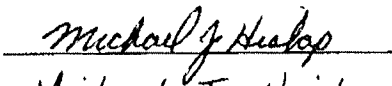
Brinker Corner Bakery II, LLC,  
a Delaware limited liability company

By: Brinker Florida, Inc.  
Its: Managing Member

By:   
Name: Bryan McCromy  
Title: Vice President

Assignee:

CBC Restaurant Corp.,  
a Delaware corporation

By:   
Name: Michael J. Hislop  
Title: President

Guarantor:

Brinker International, Inc.,  
a Delaware corporation

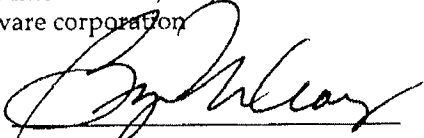
By:   
Name: Bryan McCromy  
Title: Vice President

EXHIBIT A

1. Guaranty dated January 23, 2001
2. First Amendment to Retail Lease Agreement dated July 30, 2001
3. Subordination, Non-Disturbance and Attornment Agreement dated July 31, 2001
4. Second Amendment to Retail Lease Agreement to be effective as of July 10, 2001
5. Assignment Agreement dated December 24, 2003
6. Landlord Consent Letter dated May 17, 2004, regarding "fast casual" remodel

245826.4  
CB#179

## ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (“**Assignment**”) is made as of the 1st day of July, 2022 (the “**Effective Date**”) by and between and **CBC RESTAURANT CORP.**, a Delaware corporation, with its principal place of business at 12700 Park Central Drive, Suite 1300, Dallas, TX 75251 (“**Assignor**”); **19<sup>TH</sup> AND L BAKERY, LLC**, a Pennsylvania limited liability company, (“**Assignee**”), with its principal place of business at 121 Friends Lane, Suite 301, Newtown, PA 18940.

### RECITALS

WHEREAS, 1828 L Street Associates, LLC (“**Landlord**”) and Assignor are parties to that certain Retail Lease Agreement dated January 30, 2001, as amended by that certain First Amendment to Retail Lease Agreement dated July 30, 2001, that certain Second Amendment to Retail Lease Agreement entered into and effective as of July 10, 2001, that certain Third Amendment to Retail Lease Agreement dated March 4, 2016 (the “**Third Amendment**”), that certain Fourth Amendment to Retail Lease Agreement dated July 31, 2020 (the “**Fourth Amendment**”), that certain Fifth Amendment to Retail Lease Agreement dated November 12, 2020, that certain Sixth Amendment to Retail Lease Agreement dated August 16, 2021 (the “**Sixth Amendment**”) and that certain Seventh Amendment to Retail Lease Agreement dated May 9, 2022 (collectively, the “**Lease**”), pursuant to which the Landlord leased to Assignor certain premises in Landlord’s office building (the “**Building**”) located at 1828 L Street, NW, Washington, DC containing 3,472 rentable square feet on the first floor (the “**Leased Premises**”) for the conduct of Assignor’s business;

WHEREAS, Assignor desires to assign to Assignee all of Assignor’s right, title and interest in, to, and under the Lease, and Assignee has agreed to assume the liabilities and obligations of Assignor under the Lease, in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. The Recitals set forth above are true and correct and are incorporated into and made a part of this Assignment. All capitalized terms used in this Assignment and not otherwise defined in it shall have the meanings provided in the Lease.

2. Assignee and Assignor each, warrant and represent the following:

(a) Assignee is not a wholly owned subsidiary of Assignor or any parent corporation, partnership or limited liability company of Assignor, or to any subsidiary of any parent corporation, partnership or limited liability company of Assignor.

(b) Assignor is not assigning the Lease (or selling or transferring Assignor’s stock) in connection with a merger, consolidation corporate reorganization, sale of corporate assets or sale or other transfer of stock.

(c) Assignor is assigning the Lease to an approved licensee of Assignor, and this Assignment shall not be deemed to release Assignor from continuing liability under



the Lease throughout the Term of the Lease, and Assignee, as Licensee, expressly assumes all the obligations of Tenant under the Lease.

(d) The Lease is binding and enforceable against Assignee and Assignor in accordance with the terms thereof and except as specifically stated otherwise in this Assignment, nothing in this Assignment shall affect the liability of Assignee and/or Assignor under the Lease.

(e) Assignee and Assignor acknowledge that, to the best of each of their knowledge, Landlord is not in default under the Lease and know of no facts which, given the passage of time, would constitute a default by Landlord under the Lease. To the best of Assignor's and Assignee's knowledge, except as specifically stated in the Lease, neither Assignee or Assignor is currently entitled to any credit, offset or reduction in rent or any other charges due or to become due under the Lease for any reason whatsoever.

3. Assignor hereby unconditionally assigns, conveys, transfers and sets over unto Assignee all of Assignor's right, title and interest in, to and under the Lease.

4. Assignee hereby expressly assumes the performance of all of the terms, covenants, conditions, and obligations imposed upon Assignor under the Lease.

5. Except as specifically stated otherwise in this Assignment, Assignee, after the date hereof, hereby further assumes and agrees to perform, pay and discharge when due each of the following liabilities and obligations, whether known or unknown, fixed or contingent:

(a) any and all of the terms, covenants, liabilities and obligations of the Assignor as tenant, in accordance with the terms of the Lease, under or with respect to the Lease;

(b) any and all sales, use, excise, transfer, documentary, recording and other taxes and fees (except for the Assignor's income taxes) arising out of the transactions contemplated by this agreement that either the Assignor or Assignee may be required to pay, including, without limitation, any liabilities for state and local real and personal property taxes imposed upon relating to the Premises which shall become due and payable after the date hereof to the extent such amounts relate to the period subsequent to the date hereof;

(c) any and all liabilities arising from or after the date hereof with respect to any and all actions, suits, proceedings, disputes, claims or investigations that relate to the Lease, or the Premises or any portion thereof, at law, in equity or otherwise; and

(d) any and all liabilities and obligations incurred or covering any period after the date hereof as a result of the Lease by the Assignee as tenant of the Premises.

6. Notwithstanding the assignment of the Lease, Assignor shall remain liable to Landlord for the performance of all of obligations of tenant/lessee under the Lease.

7. It is expressly understood and agreed that the following liabilities and obligations of the Assignor shall not be assumed by the Assignee pursuant to this Agreement:

(a) any liability of the Assignor as tenant for any federal, state or local income taxes, whether incurred, accrued or assessed prior to, on or after the Effective Date; and

(b) any and all liabilities arising prior to the date hereof including claims, actions, suits and other proceedings of third parties against the Assignor that relate to the Lease or the Premises prior to the Effective Date, at law, in equity or otherwise.

8. Subject to the representations and warranties and disclaimer of liability set forth in Section 10 below, Assignor hereby agrees to indemnify, defend and hold Assignee and its members and employees harmless from and against any and all loss, cost, liability, suit, damage or expense, including without limitation, reasonable attorneys' fees, relating to arising from (a) the Lease or the Premises originating or arising prior to the Effective Date or (b) the negligent acts or omissions or willful misconduct of Assignor or its officers, directors, employees or agents.

9. Assignee hereby agrees to indemnify, defend and hold Assignor and its officers, directors and employees harmless from and against any and all loss, cost, liability, suit, damage or expense, including, without limitation, reasonable attorneys' fees, relating to or arising from (a) Lease or the Premises originating or arising after the Effective Date and (b) the negligent acts or omissions or willful misconduct of Assignee or its members, employees or agents.

10. Assignee acknowledges that it is familiar with the Premises and acknowledges and agrees that Assignor is not making and has not at any time made any warranties or representations of any kind or character, express or implied, with respect to the Premises, including any warranties or representations as to its fitness for a particular purpose. Assignor shall have no liability to Assignee or its members or employees with respect to the condition of the Premises.

11. Notices. All notices under the Lease shall be given in writing and shall be delivered to the addressee, or sent by registered or certified mail, return receipt requested, first-class postage prepaid, or sent by reputable, nationally recognized, overnight courier service:

(a) To Assignor:

CBC Restaurant Corp.  
12700 Park Central Drive  
Suite 1300  
Dallas, TX 75251

(b) To Assignee:

19TH AND L BAKERY, LLC,  
121 Friends Lane, Suite 301  
Newtown, PA 18940

12. If any provision or provisions of this Assignment, or any portion thereof, is invalid or unenforceable pursuant to a final determination of any court of competent jurisdiction or as a result of future legislative action, such a determination or action will be construed consistent with the intent of the parties hereto so as (whenever possible) not to affect the validity or enforceability hereof and will not affect the validity or effect of any other portion hereof which shall remain in full force and effect.


13. The Agreement may be executed in multiple counterparts, and all counterparts shall together constitute one agreement binding upon all parties. Signatures scanned and transmitted electronically, and electronic signatures shall be deemed original signatures for purposes of the Agreement and shall have the same legal effect as original signatures.

14. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of Maryland, the location of the Leased Premises, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals and delivered this Assignment as of the date first set forth above.


**ASSIGNOR:**

**CBC RESTAURANT CORP.,** a Delaware corporation

By:   
Name: Ronak Pandya  
Title: CEO  
Date: 7/5/22

**ASSIGNEE:**

**19<sup>TH</sup> AND L BAKERY, LLC,** a Pennsylvania limited liability company

By:   
Name: Rohan Pandya  
Title: Franchisee  
Date: 07/05/2022

## Lease Unpaid Charges

Tenant: CORNER BAKERY CAFE - PROPERTY WORKS(t0000173)

Date	Description	Charge	Payment	Net Due
10/1/2021	Base Rent - Commercial (10/2021)	23,146.67	16,139.73	7,006.94
11/1/2021	Base Rent - Commercial (11/2021)	23,146.67	9,580.21	13,566.46
12/1/2021	Base Rent - Commercial (12/2021)	23,146.67	5,786.67	17,360.00
12/12/2022	Elec 2022-11	997.87	0.00	997.87
12/12/2022	Water 2022-11	571.84	0.00	571.84
1/11/2023	Elec 2022-12	880.57	0.00	880.57
1/11/2023	Water 2022-12	500.20	0.00	500.20
1/19/2023	Late fees for past due balance through 1/19/2023	5,214.38	0.00	5,214.38
1/19/2023	Interest for past due balance through 1/19/2023	5,940.34	0.00	5,940.34
2/14/2023	Elec 2023-01	420.96	0.00	420.96
2/14/2023	Water 2023-01	524.09	0.00	524.09
2/22/2023	Late fees for past due balance through 2/22/2023	3,439.61	0.00	3,439.61
2/22/2023	Interest for past due balance through 2/22/2023	294.87	0.00	294.87
	<b>TOTAL</b>	<b>88,224.74</b>	<b>31,506.61</b>	<b>56,718.13</b>

## Lease Unpaid Charges

Tenant: CORNER BAKERY CAFE - PROPERTY WORKS(t0000173)

Date	Description	Charge	Payment	Net Due	
10/1/2021	Base Rent - Commercial (10/2021)	23,146.67	16,139.73	7,006.94	
11/1/2021	Base Rent - Commercial (11/2021)	23,146.67	9,580.21	13,566.46	
12/1/2021	Base Rent - Commercial (12/2021)	23,146.67	5,786.67	17,360.00	
12/12/2022	Elec 2022-11	997.87	0.00	997.87	
12/12/2022	Water 2022-11	571.84	0.00	571.84	
1/11/2023	Elec 2022-12	880.57	0.00	880.57	
1/11/2023	Water 2022-12	500.20	0.00	500.20	
1/26/2023	Late Fees (9/1/2021-1/26/2023)	5,214.38	0.00	5,214.38	
1/26/2023	Interest (9/1/2021-1/26/2023)	5,940.34	0.00	5,940.34	
2/14/2023	Elec 2023-01	420.96	0.00	420.96	
2/14/2023	Water 2023-01	524.09	0.00	524.09	
2/22/2023	Late Fees (1/27/2023-2/22/2023)	3,439.61	0.00	3,439.61	
2/22/2023	Interest (1/27/2023-2/22/2023)	294.87	0.00	294.87	
6/5/2023	Late Fees (2/23/2023-6/5/2023)	2,091.45	0.00	2,091.45	for unpaid charges through 2/22/2023, before bankruptcy
6/5/2023	Interest (2/23/2023-6/5/2023)	1,209.89	0.00	1,209.89	for unpaid charges through 2/22/2023, before bankruptcy
	<b>TOTAL</b>	<b>91,526.07</b>	<b>31,506.61</b>	<b>60,019.47</b>	

Date	Description	Charge	Payment	Net Due	
3/7/2023	Elec 2023-02	390.76	0.00	390.76	
3/7/2023	Water 2023-02	452.62	0.00	452.62	
4/1/2023	Base Rent - Commercial (04/2023)	25,461.33	0.00	25,461.33	
4/1/2023	R E Tax Expense Estimate (04/2023)	2,352.23	0.00	2,352.23	
4/1/2023	O E Estimate (Office) (04/2023)	94.77	0.00	94.77	
4/10/2023	Elec 2023-03	433.39	0.00	433.39	
4/10/2023	Water 2023-03	595.55	0.00	595.55	
4/19/2023	FY 2024 ADV RET	260.40	0.00	260.40	
5/1/2023	Base Rent - Commercial (05/2023)	25,461.33	0.00	25,461.33	
5/1/2023	R E Tax Expense Estimate (05/2023)	2,389.43	0.00	2,389.43	
5/1/2023	O E Estimate (Office) (05/2023)	94.77	0.00	94.77	
5/9/2023	Elec 2023-04	205.84	0.00	205.84	
5/9/2023	Water 2023-04	524.09	0.00	524.09	
5/23/2023	2022 ANN OC	83.73	0.00	83.73	
5/23/2023	2023 ADV OC	34.90	0.00	34.90	
6/1/2023	Base Rent - Commercial (06/2023)	25,461.33	0.00	25,461.33	
6/1/2023	R E Tax Expense Estimate (06/2023)	2,389.43	0.00	2,389.43	
6/1/2023	O E Estimate (Office) (06/2023)	101.75	0.00	101.75	
6/5/2023	Late Fees (2/23/2023- 6/5/2023)	4,339.38	0.00	4,339.38	for unpaid charges through 2/22/2023, after bankruptcy
6/5/2023	Interest (2/23/2023- 6/5/2023)	830.99	0.00	830.99	for unpaid charges through 2/22/2023, after bankruptcy
6/6/2023	Elec 2023-05	176.11	0.00	176.11	
6/6/2023	Water 2023-05	595.55	0.00	595.55	
	<b>TOTAL</b>	<b>92,729.69</b>	<b>0.00</b>	<b>92,729.68</b>	

<b>GRAND TOTAL</b>	<b>184,255.76</b>	<b>31,506.61</b>	<b>152,749.15</b>	
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