

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 23, 2003

Gladstone Commercial Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

0-50363
(Commission
File Number)

020681276
(IRS Employer
Identification No.)

1616 Anderson Road, Suite 208
McLean, Virginia
(Address of principal executive offices)

22102
(Zip Code)

Registrant's telephone number, including area code: **(703) 286-7000**

Item 2. Acquisition or Disposition of Assets

208 South Rogers Lane

On December 23, 2003, Gladstone Commercial Corporation (the "Company"), through its "operating partnership," Gladstone Commercial Limited Partnership, acquired a 58,926 square foot commercial office building located in Raleigh, North Carolina ("208 South Rogers Lane").

208 South Rogers Lane was acquired for an aggregate cost to the Company of \$5.8 million in cash, including transaction costs. The Company paid the purchase price and transaction costs using \$5.8 million of proceeds from the Company's initial public offering in 2003.

The following table sets forth certain information relating to 208 South Rogers Lane as of December 31, 2003:

Property	Year Built	Rentable Square Feet	Occupancy	Total Rental Revenue (1)	Total Rental Revenue per Occupied Square Foot(2)	Major Tenants	Year Of Lease Expiration
208 South Rogers Lane	1997	58,926	100.0%	\$513,519	\$ 8.71	Elster Electricity	2010

(1) Total rental revenue is the monthly contractual base rent as of January 1, 2004 multiplied by four, plus the monthly contractual base rent as of May 1, 2004 multiplied by eight.

(2) This represents the property's Total Rental Revenue (calculated as described in note (1) above) divided by its occupied square feet as of January 1, 2004.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired:

The required financial statements will be filed by amendment within 60 days of filing this Form 8-K.

(b) Pro Forma Financial Information

The required pro forma financial information will be filed by amendment within 60 days of filing this Form 8-K.

(c) Exhibits.

The following exhibits are filed with this report:

Exhibit Number	Description
2.1	Purchase Agreement Dated December 3, 2003 Between Gladstone Commercial Limited Partnership and Eastpark Group II, LLC
99.1	Lease Agreement Dated May 6, 1997 Between Eastpark Group II, LLC and ABB Power T&D Company, Inc., as amended on May 1, 2003.
99.2	Assignment and Assumption of Purchase Agreement Dated December 23,2003 in Favor of Elster Electricity, 208 South Rogers Lane, Raleigh NC,LLC by Gladstone Commercial Limited Partnership
99.3	Assignment and Assumption of Lease Agreement in Favor of Elster Electricity, 208 South Rogers Lane, Raleigh, NC LLC by Eastpark Group II, LLC

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gladstone Commercial Corporation
(Registrant)

January 16, 2004

By: /s/ Harry Brill

(Harry Brill, Chief Financial Officer)

INDEX TO EXHIBITS

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GLADSTONE COMMERCIAL LIMITED PARTNERSHIP

PURCHASE AGREEMENT

EASTPARK GROUP II, L.L.C.

Dated: December __3__, 2003

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EXHIBITS

Exhibit 1.8	Legal Description of the Property
Exhibit 2.2	Form of Escrow Agreement
Exhibit 3.2	Schedule of Documents to be Delivered to the Company
Exhibit 4.2	Title Insurance Requirements and Endorsements
Exhibit 4.2(a)	Survey Requirements
Exhibit 5.1(c)(i)	Copy of Tenant Lease
Exhibit 5.1(c)(ii)	Copy of Letter of Credit
Exhibit 6.1(h)(1)	Form of Tenant Estoppel Certificate
Exhibit 6.1(h)(2)	Form of Assignment and Assumption of Lease Agreement
Exhibit 6.1(h)(3)	Form of Memo of Lease
Exhibit 11.1(c)	Deed
Exhibit 11.1(d)	FIRPTA Certificate
Exhibit 11.1(e)	Owner's Certificate re: Representations and Warranties

SUMMARY OF TERMS

OWNER: Eastpark Group II, L.L.C.,
a North Carolina limited liability company

OWNER'S ADDRESS: c/o Capital Associates
1100 Crescent Green, Suite 115
Cary, NC 27511
Attn: Thomas R. Huff

AGGREGATE PURCHASE PRICE: \$5,800,000

TENANT: Elster Electricity, LLC
a Delaware limited liability company

LOCATION OF CLOSING: First American Title Insurance Company
1801 K Street, N.W., Suite 200-K
Washington, D.C. 20006

PURCHASE AGREEMENT

PREAMBLE:

THIS PURCHASE AGREEMENT (this "**Agreement**") is made as of the 3 day of December, 2003 (the "**Effective Date**"), by and between GLADSTONE COMMERCIAL LIMITED PARTNERSHIP, a Delaware limited partnership (the "**Company**"), as purchaser, and EASTPARK GROUP II, L.L.C., a North Carolina limited liability company, (the "**Owner**"), as seller, of all of the fee simple interest of the Property.

RECITALS:

A. Owner is the owner of the property (hereafter the "Property"), as more particularly described in Exhibit 1.8 attached hereto, which term Property shall include the land and all Improvements (as hereinafter defined) thereon, together with all rights and appurtenances pertaining to such land, but only to the extent any such rights exist and can be conveyed by Owner, including, without limitation: (i) all minerals, oil, gas, and other hydrocarbon substances thereon; (ii) all rights, titles and interests of Owner in and to adjacent strips, streets, roads, avenues, alleys and rights-of-way, public or private, open or proposed, including any rights in vault space adjacent to or within the boundaries of such land; (iii) all easements, covenants, privileges, and hereditaments, whether or not of record; (iv) all access, air, water, riparian, development, utility, and solar rights; (v) all signs, appliances, security systems, fixtures, mechanical systems, landscaping and other property owned by Owner located at the Property, but excluding items of property owned by Tenant (as hereinafter defined) that may be removable under the Lease; (vi) all site plans, surveys, plans and specifications, and floor plans relating to the Property; (vii) all warranties, guarantees and bonds relating to the Property; and (viii) all permits, licenses, certificates of occupancy, and other governmental approvals which relate to the Property.

B. The Company desires to acquire, and Owner desires to sell, the Property, upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

For purposes of this Agreement, unless the context otherwise requires, the following terms shall have the meanings hereinafter set forth (such meanings to be applicable to the singular and plural forms of such terms and the masculine and feminine forms of such terms):

Section 1.1 "**Business Day**" shall mean any day excluding Saturday, Sunday and any day which in the State of North Carolina is a legal holiday or a day on which banking institutions are authorized by law or by other governmental actions to close.

Section 1.2 “**Environmental Law**” shall mean any present and future law and any amendments (whether common law, statute, rule, order, regulation or otherwise), permits and other requirements or guidelines of governmental authorities applicable to the Property and relating to the environment and environmental conditions or to any Hazardous Material (including, without limitation, CERCLA, 42 U.S.C. § 9601 *et seq.*, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*, the Clean Air Act, 33 U.S.C. § 7401 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 1101 *et seq.*, the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*, and any so-called “Super Fund” or “Super Lien” law, any law requiring the filing of reports and notices relating to Hazardous Materials, environmental laws administered by the Environmental Protection Agency, and any similar state and local laws, all amendments thereto and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder concerning the environment, industrial hygiene or public health or safety).

Section 1.3 “**Governmental Authorities**” shall mean any commission, department or body of any municipality, township, city, county, state or Federal governmental unit having jurisdiction over any of the Property or the ownership, management, operation, use or improvement thereof.

Section 1.4 “**Hazardous Conditions**” refers to the presence on, in or about any of the Property (including ground water) of Hazardous Materials, the concentration, condition, quantity, location or other characteristics of which fail to comply with applicable Environmental Laws.

Section 1.5 “**Hazardous Materials**” shall mean (i) any asbestos and any asbestos containing material, (ii) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other applicable law as a “hazardous substance,” “hazardous material,” “hazardous waste,” “infectious waste,” “toxic substance,” “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity, (iii) any petroleum and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources, and (iv) any petroleum product, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear, or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product, and any other substance whose presence could be detrimental to the Property or hazardous to health or the environment.

Section 1.6 “**Improvements**” shall mean all buildings, parking areas, signs, driveways, site improvements, structures and other improvements located on the Property.

Section 1.7 “**Purchase Price**” means the amount, in U.S. dollars, that is identified in the Summary of Terms.

**ARTICLE II
PURCHASE PRICE AND DEPOSIT**

Section 2.1 Payment of Purchase Price. On the terms and subject to the conditions of this Agreement, at the Closing (as hereinafter defined), Owner shall sell, transfer, convey, assign, and deliver to the Company, and the Company shall purchase and accept from Owner all the right, title, and interest of Owner in and to the Property for an aggregate purchase price (the "**Aggregate Purchase Price**") in the amount stated in the Summary of Terms in U.S. Dollars. The Aggregate Purchase Price will be adjusted as explicitly set forth in this Agreement.

Section 2.2 Deposit and Escrow Agreement. Simultaneously with the execution of this Agreement, the Company shall place in escrow with First American Title Insurance Company in Washington, DC (the "**Title Company**") the sum of Fifty Thousand Dollars (\$50,000.00), representing an initial deposit, to be held in a commercial bank in a federally-insured account in accordance with an Escrow Agreement (the "**Escrow Agreement**") substantially in the form attached hereto as Exhibit 2.2. Upon the expiration of the Study Period, unless this Agreement is terminated, the Company shall deliver an additional One Hundred Thousand Dollars (\$100,000.00), representing an additional deposit (the initial deposit and the additional deposit, together with accrued interest thereon, are herein referred to as the "**Deposit**"). The Deposit shall be disbursed by the Title Company in accordance with the terms and conditions of this Agreement and the Escrow Agreement.

**ARTICLE III
STUDY PERIOD**

Section 3.1 Term of Study Period. The term "**Initial Study Period**" shall mean the period commencing on the Effective Date and ending at midnight on the date that is forty-five (45) days after the Effective Date. Provided Company has ordered the Third Party Reports (as herein defined) within five (5) Business Days after final execution of this Agreement, the Company shall have the right to extend the Initial Study Period (the "**Extended Study Period**") by giving notice to Owner prior to the end of the Study Period for either (i) fifteen (15) days, until the date that is sixty (60) days after the Effective Date, as a result of any unforeseen delay in its receipt of any report to be delivered to it by third parties in connection with its investigation of the Property, including but not limited to the Commitment, Survey, MIA Appraisal, Environmental Assessment and Additional Environmental Assessments (all as hereinafter defined) (collectively, the "Third Party Reports"); or (ii) as otherwise provided in Section 3.3. The Initial Study Period as extended by the Extended Study Period is hereinafter referred to as the "**Study Period**." If on or before the expiration of the Study Period, the Company, in its sole and absolute discretion, shall elect not to proceed to the Closing for any reason whatsoever, then (i) the Company shall have the right to terminate this Agreement by giving written notice of termination to Owner on or before the expiration of the Study Period, whereupon this Agreement shall automatically terminate, the Deposit shall be returned to the Company, and neither party shall have any further rights or obligations under this Agreement, except as expressly set forth in Section 12.3 and Articles 14, 16 and 18 of this Agreement; and (ii) Company shall repair and restore any damage to the Property, any property of Tenant, or to any persons caused by the entry of Company, its agents, employees, or contractors onto the Property pursuant to this Article III.

Section 3.2 Information Disclosure and Testing. Until the Closing hereunder, the Company and its agents and representatives shall have the right: (a) to have full and complete access, during normal business hours and with reasonable advance notice to Owner, to inspect the books, records, files, operating statements, and other information relating to the Property (except for information relating to Owner's loan with BB&T) and related correspondence files; and (b) subject to the requirements of the Lease, to enter upon the Property during normal business hours, taking care to avoid causing an unreasonable disruption of the operations of the Property, to make such inspections, reviews, surveys, soil tests, hydrology tests, environmental tests, and other tests or investigations as the Company may reasonably deem appropriate. The Company shall order all Third Party Reports within five (5) Business Days after the Effective Date. Owner has delivered to the Company, at no cost to the Company, legible, true, correct and complete copies of the items set forth in Exhibit 3.2. In addition, Owner agrees to make available to the Company upon request from time to time any other information reasonably requested by the Company, and in the possession of Owner, relating to the Property. From and after the Effective Date, the Company shall be entitled to communicate directly with Tenant and any Governmental Authorities in connection with the Company's proposed purchase, development or operation of the Property, provided that the Company shall not disclose to the Governmental Authorities the results of any Third Party Reports or any information relating to the Property or its operation, the disclosure of which might be detrimental to Owner or Tenant, except to the extent that, in the opinion of counsel to the Company, the Company is required by law, court order, governmental order or decree to disclose such results or is otherwise known or available to the public or to any Governmental Authority. The exercise by the Company of any of the preceding or any other act of the Company shall not negate any representation, warranty or covenant of Owner or modify any of the Company's rights or Owner's obligations in the event of any breach by Owner of any of its representations, warranties or covenants under this Agreement.

Section 3.3 Environmental Assessments and Additional Environmental Assessment. During the Study Period, the Company shall have the right to have an environmental consultant or other professional perform a "Phase I" environmental inspection and assessment (an "**Environmental Assessment**") of the Property and shall, after receipt of a final report for the Environmental Assessment, deliver a copy thereof to Owner. In the event (a) the results of the Environmental Assessment are inconclusive, in the Company's sole judgment or (b) the results of the Assessment reveal environmental matters unacceptable to the Company, in the Company's sole judgment, the Company shall provide written notice thereof to Owner within three (3) Business Days after receipt of the results. If the Company desires to perform additional so-called "Phase II" inspections and tests (each, an "**Additional Environmental Assessment**"), the Company shall provide notice of such request to Owner. Owner shall have the option to either permit the Company to perform the Additional Environmental Assessment and to extend the Closing Deadline for thirty (30) days in order to complete such Additional Environmental Assessment, or to refuse to allow the Company to perform the Additional Environmental Assessment. If Owner refuses to allow the Company to perform the Additional Environmental Assessment, the Company shall have the right to either (x) waive the request for the Additional Environmental Assessment and proceed to Closing, or (y) terminate this Agreement and receive a refund of the Deposit, in which event the parties shall have no further obligations except as expressly set forth in Section 12.3 and Articles 14, 16 and 18, and except that Owner shall reimburse Company for Company's Due Diligence and Contract Costs (as hereinafter defined).

The Company shall provide to Owner a copy of all Additional Environmental Assessments upon Owner's request. In the event the Environmental Assessment and/or the Additional Environmental Assessment reveal that a Hazardous Condition exists at the Property, the Company shall have the right to request Owner to take appropriate remedial actions with respect to such Hazardous Condition by giving written notice to Owner on or before the date that is ten (10) Business Days after the Company receives the last of the Environmental Assessment and the Additional Environmental Assessment. Within five (5) Business Days of receiving such notice, Owner may, at its option, elect to take remedial actions with respect to such Hazardous Condition or to refuse to take remedial action, such election to be given by written notice to the Company. If Owner elects to take remedial action, then Owner may extend the Closing Deadline for up to thirty (30) days in order to effect the remedial action. If Owner elects not to take remedial action, then the Company shall have the option of (a) waiving its request of remediation and proceeding to the Closing, or (b) terminating this Agreement whereupon the Deposit shall be returned to the Company, and the parties shall have no further rights or obligations hereunder other than those set forth in Section 12.3 and Articles 14, 16 and 18.

ARTICLE IV TITLE

Section 4.1 State of Title. At the Closing, Owner shall own, beneficially and of record, good, marketable and indefeasible fee simple title to the Property, subject only to the Permitted Exceptions (as herein defined) and matters that will be paid off by Owner at Closing.

Section 4.2 Title Commitment; Survey. The Company shall obtain a commitment, together with legible copies of documents referred to in such commitment (a "**Commitment**"), for an owner's policy of title insurance covering the Property, including the requirements and endorsements set forth in Exhibit 4.2. In addition, the Company shall obtain a current plat of survey of the Property, including the Improvements (a "**Survey**") prepared by a licensed surveyor. The Survey shall be prepared in accordance with the requirements set forth in Exhibit 4.2(a) and shall be certified to the Company, the Company's assignee (if any), the Company's lenders and the Title Company. The Company shall deliver copies of the Commitment and the Survey to Owner within five (5) Business Days after receipt by Company.

Section 4.3 Permitted Exceptions. The Company shall have the right to object, in its sole and absolute discretion, to any exceptions to title, or to any matter shown on the Survey, by giving written notice to Owner on or before the date that is ten (10) Business Days after the Company receives the last of the Commitment and the Survey. Within ten (10) days of receiving such notice, Owner shall, at its option, as to any such exception or other matter of a non-monetary nature, either (a) use reasonable efforts to remove, correct and cure such defects or such other matters, or (b) refuse to remove, correct and cure such defects or other matters; provided, however, that notwithstanding anything herein to the contrary, as to any such defect or other matter of a monetary nature that can be cured by the payment of money, such as a judgment, lien or tax, Owner shall cause such defect or other matter to be discharged and released at Closing, provided that in no event shall Owner be obligated to incur costs for the removal of such matters of an amount in excess of Net Proceeds. "Net Proceeds" shall mean the amount to be received by Owner at Closing, exclusive of all commissions, mortgage payoff, closing costs and proration of taxes, expenses and rents. If Owner elects not to cure or have

discharged or released any such defects, liens or encumbrances, then the Company shall have the remedies provided in Section 4.4 below. If the Company fails to provide such written objection, then the Company shall be deemed to have approved all matters affecting title disclosed in the Commitment and Survey as of the date thereof, as applicable (the "**Permitted Exceptions**"); provided, that, in no event shall any lien or encumbrance of a monetary nature be considered a Permitted Exception. Owner hereby irrevocably authorizes the Title Company to deduct from the Aggregate Purchase Price at the Closing all sums necessary to pay off and discharge any and all such liens or encumbrances to the extent that such sums do not exceed the Net Proceeds.

Section 4.4 Owner's Election. If Owner elects not to endeavor to cure or fails to cure the Company's title and Survey objections, then the Company shall have the option of either (a) waiving the objections (in which case such exceptions shall thereafter be treated as Permitted Exceptions) and proceeding to the Closing, or (b) terminating this Agreement whereupon the Deposit shall be returned to the Company and the parties shall have no further rights or obligations hereunder other than those set forth in Section 12.3 and Articles 14, 16 and 18. To the extent the Company accepts the title to the Property and after the Study Period and prior to Closing, a defect in title or an intervening lien materializes which was not reflected in the Commitment or Survey, the Company shall provide written notice to Owner of said lien or defect and Owner may elect to either remove, correct or cure such defect or to refuse to do so. If Owner elects to cure the defect, then the Closing Deadline may be extended to allow for a full 30-day period to cure the defect. If Owner refuses to remove, correct or cure such defects or such other matters, the Company may, at its option, (A) terminate this Agreement, whereupon the Deposit shall be returned to Company, and the parties shall have no further rights or obligations hereunder other than those set forth in Section 12.3 and Articles 14, 16 and 18, or (B) elect to accept title to the Property and discharge or release any liens, encumbrances or other matters of a monetary nature or which may otherwise be discharged, released or removed by the payment of a monetary sum and reduce the Aggregate Purchase Price by the amount necessary to correct or cure such monetary liens, encumbrances or other matters; provided, however, such reduction shall not exceed Net Proceeds. Nothing set forth in this Article 4 shall limit the Company's right to terminate this Agreement as set forth in Article 3.

ARTICLE V REPRESENTATIONS AND WARRANTIES

Section 5.1 Owner's Representations. Owner represents and warrants to the Company that the representations and warranties set forth below are true and correct on and as of the Effective Date, and shall be true and correct in all material respects on and as of the date of the Closing, except as to any matters for which Owner provides written notice to Company of a change in any such representation or warranty:

(a) Due Execution; Authority. (i) Owner is duly formed, validly existing and in good standing as a limited liability company under the laws of the State of North Carolina; (ii) this Agreement is, and all the documents to be delivered by Owner pursuant to this Agreement (the "**Owner Closing Documents**") will be, when executed by Owner, binding on and enforceable against Owner in accordance with their respective terms; (iii) there are no other consents required to authorize Owner's entry into and performance of this Agreement, the Owner Closing Documents and/or the transactions contemplated hereby or thereby; (iv) this Agreement,

the Owner Closing Documents and the transactions contemplated hereby and thereby have been, or will have been prior to the Closing, approved by all necessary action of Owner; and (v) the execution and delivery of the Owner Closing Documents do not and will not constitute a breach or default under any agreement by which Owner is bound, or by which any of Owner's property is encumbered.

(b) Contracts. There are no contracts entered into by Owner or its agents relating to the ownership, management, leasing, parking, operation, maintenance or repair of the Property ("Contracts").

(c) Tenant Leases.

(i) Exhibit 5.1(c)(i) attached hereto sets forth a true and complete copy of the existing lease (the "**Tenant Lease**") for the Property between Owner and ABB Power T&D Company ("Original Tenant") as the original tenant, and the assignment to Elster Electricity, LLC, a Delaware limited liability company (the "**Tenant**"), including any subleases, licenses, amendments, assignments, side letters, option exercise letters and any other documents, certificates or instruments which may create future obligations under the Tenant Lease. There are no tenants with whom Owner has entered into a written lease agreement and, to the best of Owner's knowledge, there are no tenants or other parties in possession of any part of the Property, except Tenant or as may otherwise be set forth in the Permitted Exceptions, and no one other than the Tenant has any right to occupy, operate or manage any part of the Property. The Tenant Lease is the only lease or other right or grant of occupancy of all or any part of the Property and neither Tenant nor any other person or entity has a right of first refusal, option, right, or other right to purchase all or any portion of the Property.

(ii) The Tenant Lease has been duly authorized and executed by Owner and, to the best of Owner's knowledge, by the Tenant. The Tenant Lease is in full force and effect according to the terms set forth therein. Owner has performed or paid all obligations required to be performed or paid by it under the Tenant Lease and is not in default of any of its obligations under the Tenant Lease, including but not limited to any obligations with respect to structural repair and maintenance of the Improvements. To the best of Owner's knowledge, there are no uncured defaults by Tenant under the Tenant Lease and Tenant has not asserted any defense to, offsets or claims against rent payable by it or obligations under the Tenant Lease. Notwithstanding the preceding, Company has been advised by Owner, as of the date of this Agreement, the Replacement Letter of Credit (as herein defined) has not been provided by Tenant to Owner. Further, on October 7, 2003, Owner received notice of a downgrade of Tenant's insurance company from an "A-" rating to a "B+" rating. The existence of the matters set forth in the preceding two sentences shall not be deemed a misrepresentation of any matter set forth herein by Owner. Owner has no reason to believe that Tenant is or may become unable or unwilling to cure in a timely manner or perform, as the case may be, any or all of its obligations under the Tenant Lease. The Tenant is in occupancy of its premises under the Tenant Lease, and, to the best of Owner's knowledge, Tenant does not intend to abandon its premises or default under the Tenant Lease. To the best of Owner's knowledge, no claim, controversy, dispute, quarrel or disagreement exists between Tenant and Owner. Tenant has not prepaid any rent more than one (1) month in advance. All of the improvements to be constructed by Owner, required under the Tenant Lease and in all collateral agreements, plans and

specifications respecting same, have been completed as so required. Owner has not at any time knowingly waived any provision under the Tenant Lease. Owner has not granted any concessions to Tenant except as disclosed in the Tenant Lease.

(d) Letter of Credit Exhibit 5.1(c)(ii) attached hereto is a true and complete copy of the letter of credit (the "**Letter of Credit**") delivered to and currently being held by Owner's lender, Branch Banking and Trust Company ("**BB&T**") pursuant to the applicable provisions of the Tenant Lease. The Letter of Credit is in full force and effect strictly according to the terms set forth therein. Owner has been advised by Tenant that Tenant intends to provide an amendment to the Letter of Credit (the "**Replacement Letter of Credit**") to provide for transferability to a new beneficiary. There have been no draws against the Letter of Credit by Owner or by any third party.

(e) Leasing Commissions. Owner has paid and discharged all obligations to pay any leasing commissions with respect to the initial Tenant Lease, except that commissions owed on the Lease extension are to be paid by Owner to Capital Associates Limited Partnership at Closing of the sale of the Property.

(f) Condemnation. Owner has no knowledge of any pending or contemplated condemnation proceedings affecting all or any part of the Property. Owner has been contacted by the North Carolina Department of Transportation regarding an easement to install stormwater piping and rip rap and to release water upon a portion of the Property.

(g) Structural. To the best of Owner's knowledge, no structural, mechanical, electrical, plumbing, roofing or other major systems of any Improvements are in need of material repair or replacement. Neither Owner nor, to the best of Owner's knowledge, Tenant has received any written notice from any insurance company or Governmental Authority of any defect or inadequacy in connection with the Property's structure or systems which has not heretofore been cured.

(h) Zoning/Violations. To the best of Owner's knowledge, the Property is currently zoned with a classification that permits the ownership, operation, development, construction, and use of the Property as currently being used without special exception or permit. To the best of Owner's knowledge, there is not now pending nor is there any proposed or threatened proceeding for the rezoning of the Property or any portion thereof. Owner has no knowledge of nor has Owner, or to the best of Owner's knowledge, Tenant received any written notice from any Governmental Authority that any zoning, subdivision, environmental, hazardous waste, building code, health, fire, safety or other law, order, ordinance or regulation is violated by the continued maintenance, operation or use of the Property, including, without limitation, any Improvements located thereon or any parking areas. On or before the Closing Deadline, Owner shall cure (or escrow sufficient funds at Closing with the Title Company to cure) all violation notices issued with respect to the Property resulting from any omission or affirmative act of Owner or its representatives.

(i) Permitted Exceptions. Owner and, to the best of Owner's knowledge, Tenant have performed all obligations under and are not in default in complying

with the terms and provisions of any of the covenants, conditions, restrictions, rights-of-way and easements constituting one or more of the Permitted Exceptions for the Property.

(j) Permits, Etc. To the best of Owner's knowledge, all permits, licenses, authorizations and certificates of occupancy required by Governmental Authorities for the management, occupancy, leasing and operation of the Property are in full force and effect and will remain in full force and effect after the Closing.

(k) Litigation. Owner has received no notice of any dispute, proceeding, suit or litigation relating to the Tenant Lease or the Property, and to the best of Owner's knowledge, no such dispute, proceeding, suit or litigation is threatened in any tribunal.

(l) FIRPTA. Owner is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(m) Indebtedness. No material defaults or events of default (as defined therein) have occurred and are continuing under the terms of any documents evidencing or securing indebtedness which is secured by the Property or for which Owner is liable.

(n) Material Change. Neither Owner nor, to the best of Owner's knowledge, Tenant has received written notice from any Governmental Authority of any pending or contemplated change in any regulation, code, ordinance or law, or private restriction applicable to the Property, or any natural or artificial condition upon or affecting the Property, or any part thereof, which would result in any material change in the condition of the Property or any part thereof, or would in any way limit or impede the operation or development of the Property.

(o) Accuracy of Documents. To the best of Owner's knowledge, all documents and records to be delivered pursuant to Section 3.2 will be true, correct and complete copies of the documents and records required to be delivered and will accurately reflect the matters contained therein.

(p) Not Misleading. Without limiting the representations and warranties of Owner herein, to the best of Owner's knowledge, the representations and warranties of Owner in this Agreement do not make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(q) Tax Matters. Owner has relied solely on its own counsel for advice on any and all federal, state and local tax matters relating to this Agreement and the transactions contemplated herein and has not relied on any advice or representations of the Company, or its counsel with respect to any federal, state and local tax matters relating to this Agreement or the transactions contemplated herein.

(r) Warranties. To the best of Owner's knowledge, neither Owner nor Tenant has released or modified any warranties of builders, contractors, manufacturers or other trades persons that have been given to Owner.

(s) Utilities. To the best of Owner's knowledge, usable sanitary and storm sewers, public water, and electrical utilities (collectively, the "**Utilities**") of adequate capacity required for the operation of the Property, are installed in, and are duly connected to, the Property and can be used without any charge except the normal user charges for sanitary sewers and the normal and usual charges imposed for public water and electric utilities.

(t) Bankruptcy. Owner has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Owner's creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of Owner's assets, (iv) suffered the attachment, or other judicial seizure of all, or substantially all, of Owner's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or compromise to its creditors generally.

Section 5.2 Knowledge. For purposes of this Agreement, the phrase "to the best of Owner's knowledge" or words of similar import, shall mean that the applicable party has conducted a reasonable review of its files and interviewed current employees in positions of responsibility on the subject and such review and interviews did not disclose any information contrary to the accuracy or veracity of any such representation or warranty.

Section 5.3 Supplemental Information. Owner shall provide written notice to the Company at any time and from time to time after the Effective Date through the Closing if it acquires any information that any of the representations or warranties made in this Agreement were inaccurate in any material respect as of the Effective Date or will be inaccurate in any material respect as of the Closing.

ARTICLE VI COVENANTS AND ADDITIONAL OBLIGATIONS OF OWNER

Section 6.1 Covenants of Owner. Owner agrees that from the date of this Agreement to the Closing, it will:

(a) Insurance. Maintain or cause Tenant to maintain all insurance required in accordance with Section 8.04 of the Tenant Lease, provided that on September 7, 2003, Owner was advised that the rating of Tenant's insurance company has been downgraded from a "A-" to a "B+". Owner agrees to cooperate with the Company and to use all commercially reasonable efforts to enforce Tenant's requirement under the Tenant Lease to obtain a replacement insurance policy (the "Replacement Insurance Policy"), in form and content satisfactory to the Company, on or before January 1, 2004, or as soon as possible thereafter. This Section 6.1(a) shall survive the Closing until such time as Tenant produces the Replacement Insurance Policy and it becomes effective.

(b) Contracts and Business Practice. Not become a party to any new licenses, equipment leases, contracts or agreements of any kind relating to the Property, except for such contracts or agreements as will be terminated at or prior to the Closing without cost or, expense to the Company, or contracts which the Company agrees in its sole discretion to assume at the Closing, without having obtained in each case the prior written consent of the Company,

which consent shall not be unreasonably withheld or delayed, and any requests for consent shall be responded to within ten (10) Business Days of receipt of request therefor. Except, as otherwise provided in this Article 6, Owner shall continue and shall require Tenant to continue to manage, maintain and operate the Property in accordance with the Lease.

(c) Compliance With Laws. Not knowingly take, allow or fail to take any action that will cause the Property to fail to comply with any federal, state, municipal and other governmental laws, ordinances, requirements, rules, regulations, notices, codes and orders, or any agreements, covenants, conditions, easements and restrictions currently in effect relating to the Property.

(d) Notices. Promptly upon receipt, provide the Company with copies of all written notices delivered or received under the Tenant Lease received from Tenant, neighboring property owners, any insurance company which carries insurance on the Property, from any Governmental Authorities or from any other person or entity with respect to the Property or any portion thereof.

(e) Conditions To The Closing. Use good faith commercially reasonable efforts prior to the Closing to satisfy all conditions to the Closing which are within Owner's power to satisfy.

(f) No Sale or Encumbrance. Owner shall not sell, mortgage, pledge, hypothecate or otherwise transfer or dispose of all, or any part of any Property or any interest therein, nor initiate, consent to, approve or otherwise take any action with respect to zoning or any other governmental rules or regulations presently applicable to all or any part of any Property.

(g) Contracts. Owner shall not terminate, modify, extend, amend or renew the Tenant Lease or any Contract or enter into any new lease or contract. Notwithstanding the foregoing, Owner shall terminate all Contracts relating to the Property as of Closing, except the Tenant Lease and any Contracts that Company requires or agrees to assume in writing, to remain in effect after the Closing.

(h) Lease. No later than ten (10) days prior to the Closing, Owner shall deliver to the Company an Estoppel Certificate ("**Estoppel**"), fully executed by Tenant and dated not more than thirty (30) days prior to Closing, substantially in the form attached hereto as Exhibit 6.1(h)(1). At Closing, Owner shall execute and deliver to the Company an executed Assignment and Assumption of Lease Agreement (the "**Lease Assignment**") substantially in the form attached hereto as Exhibit 6.1(h)(2), and a Memorandum of Lease (the "**Memo of Lease**") substantially in the form attached hereto as Exhibit 6.1(h)(3), unless a Memo of Lease has already been recorded, in which event an Amendment to the Memorandum of Lease shall be required to reflect ownership of the property by Company; provided, however, that if, after using reasonable efforts, Owner is unable to obtain the signature of ABB, Inc. to the Lease Assignment, Owner shall deliver a Lease Assignment executed only by Owner and Company in the form attached; and provided, further, that Owner shall not be required to incur any costs or confer any financial benefit on ABB, Inc. in order to satisfy its obligations pursuant to this Section 6.1(h). The effective date of such Lease Assignment shall be the date of the Closing.

(i) Fulfillment of Obligation. To the extent Owner is obligated, pursuant to any contract, agreement, covenant, lease, including the Tenant Lease, or other understanding entered into prior to the Effective Date with Tenant, any governmental subdivision or any other third party, to effect any construction, make any improvements or take any action, Owner shall cause any such construction, improvements and/or action to be taken, completed and fully paid for by Owner, at its expense, prior to the Closing. No such obligation shall be unfulfilled, and no liability for or payment in respect of any obligation shall be unsatisfied as of the Closing.

(j) Letter of Credit. Owner shall use its best efforts to (i) cause Tenant or ABB, Inc. to provide the Replacement Letter of Credit, together with any additional requirements reasonably requested by Company, to assure the assignability thereof to Owner or its designee; provided, however, that Owner shall not be required to incur any costs, directly or indirectly, in connection with its obligations pursuant to this Section 6.1(j).

ARTICLE VII ENVIRONMENTAL MATTERS

Section 7.1 Representations and Warranties. Owner represents and warrants to the Company that the representations and warranties set forth below are true and correct as of the Effective Date, and shall be true and correct on and as of the date of the Closing, except as to any matters for which Owner provides written notice to Company of a change in any such representation or warranty:

(a) Nature of Claims. During its ownership of the Property, neither Owner nor, to the best of Owner's knowledge, Tenant has received any claim, complaint, notice, or request for information with respect to any alleged violation of any Environmental Law or regarding potential or alleged liability under any Environmental Law with respect to the Property.

(b) Existing Conditions. Owner has no knowledge that any conditions exist at, on, or under the Property that, with the passage of time or the giving of notice or both, would constitute a Hazardous Condition or give rise to liability under any Environmental Law.

(c) Compliance with Environmental Laws. To the best of Owner's knowledge, Owner and Tenant are in compliance in all material respects with all orders, directives, permits, certificates, approvals, licenses, and other authorizations from applicable Governmental Authorities, if any, relating to Environmental Laws with respect to the Property. To Owner's actual knowledge, the Property and all Improvements are in compliance with all Environmental Laws.

(d) Storage Tanks. To Owner's knowledge, there no above ground storage tanks or underground storage tanks (herein referred to as "USTs") that are not in compliance with all Environmental Laws at the Property. Owner has not removed or abandoned any USTs at the Property nor does Owner have any knowledge of the abandonment or removal of USTs at the Property.

(e) PCBs. To Owner's knowledge, there are no polychlorinated biphenyls ("**PCBs**") or friable or damaged asbestos at the Property; nor has Owner removed (or required or requested the removal of) any PCBs or damaged or friable asbestos from the Property, nor has Owner knowledge of the previous existence of any PCBs or damaged or friable asbestos at the Property.

(f) Adjacent Property. To the best of Owner's knowledge, having made no investigation of such property, no property adjacent to or in the vicinity of the Property has a Hazardous Condition in, on or under such property.

Section 7.2 No Release. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall be construed to release Owner nor to bar any action by the Company to implead Owner nor to bar any other action by the Company against Owner where the Company or Owner may have liability to a third party or any Governmental Authorities for an environmental matter or condition which existed at or near the Property on or prior to the Closing.

ARTICLE VIII REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

Section 8.1 The Company's Representations. The Company represents and warrants to Owner that all of the representations and warranties set forth below are true and correct as of the Effective Date, and shall be true and correct in all material respects on and as of the date of the Closing.

(a) Due Execution; Authority. The Company is (i) duly formed, validly existing and in good standing as a limited partnership under the laws of the State of Delaware; (ii) this Agreement is, and all the documents to be delivered by the Company pursuant to this Agreement "(the "**Company Closing Documents**") will be, when executed by the Company, binding on and enforceable against the Company in accordance with their respective terms; (iii) there are no other consents required to authorize the Company's entry into and performance of this Agreement, the Company Closing Documents and/or the transactions contemplated hereby or thereby; (iv) this Agreement, the Company Closing Documents and the transactions contemplated hereby and thereby have been, or will have been prior to the Closing, approved by all necessary action of the Company; and (v) the execution and delivery of the Company Closing Documents do not and will not constitute a breach or default under any agreement by which the Company is bound or by which any of the Company's property is encumbered.

(b) Bankruptcy. The Company has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by the Company's creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of the Company's assets, (iv) suffered the attachment, or other judicial seizure of all, or substantially all, of the Company's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or compromise to its creditors generally.

**ARTICLE IX
CONDITIONS PRECEDENT**

Section 9.1 The Company's Conditions Precedent. The Company's obligation to accept the assignment or conveyance of the fee simple title to the Property hereunder shall be subject to the full and timely satisfaction of the following conditions (all or any of which may be waived, in whole or in part, by the Company in writing in its sole discretion) at or prior to the Closing:

(a) Title. The Company shall have received confirmation from the title insurer that there have been no changes in the state of title to the Property since the date of the Commitment and Survey (unless Owner has agreed to cure such changes or Company has agreed to accept such changes as Permitted Exceptions) and that the title insurer will issue, at the Closing, an owner's title policy, as required (reflecting the release of any indebtedness and bringing the title current to the date of the Closing) without exceptions other than the Permitted Exceptions and with such endorsements required under this Agreement.

(b) Governmental Compliance. The Company shall have obtained confirmation reasonably satisfactory to the Company that all licenses, permits and similar authorizations required by all Governmental Authorities relating to the ownership and operation of the Property are in full force and effect.

(c) Representations and Warranties. The representations and warranties made by Owner in this Agreement shall be true and correct as of the Closing with the same force and effect as though such representations and warranties had been made on and as of such date. Owner shall have performed all covenants and obligations and complied with all conditions, obligations and agreements required by this Agreement to be performed or complied with by it at or before the Closing. Owner shall have executed and delivered to the Company an affidavit, dated as of the date of the Closing, to the foregoing effect.

(d) Lease Assignment, Estoppel Certificate and Memo of Lease. As of Closing, the Company shall have received a Lease Assignment, Estoppel Certificate and Memo of Lease, as provided in Section 6.1 hereto, fully executed by Owner, Tenant and ABB, Inc., as applicable, in recordable form and without changes or additional notations (other than as may be acceptable to the Company in its sole and absolute discretion). All representations, warranties and certifications of Tenant set forth in the Estoppel Certificate and SNDA shall be true, complete and correct as of the Closing Date.

(e) Lender Pay-Off Certificate. The Company and Title Company and its agents shall have received a certificate(s) from any lender(s) confirming the outstanding balance of any outstanding indebtedness encumbering the Property and all amounts necessary to pay and release the same.

(f) Additional Estoppel Certificates. Owner, if requested by Company, shall provide estoppel certificates relating to monetary assessments under any covenants or cross-easement agreements affecting the Property, stating that all such assessments that have become due and payable have been paid.

(g) Certificate of Occupancy. Owner shall have obtained and delivered to the Company copies of certificates of occupancy (or the local equivalent) required for the use and occupancy of the Property, including without limitation, all certificates of occupancy for all Improvements on the Property, and/or all tenants, as applicable, to the extent there have been any changes from and after the delivery of such documents to the Company before the end of the Study Period.

(h) Zoning Compliance. A zoning compliance letter from the zoning authority for the jurisdiction in which the Property is located, identifying the zoning classification applicable to the Property and all permitted uses in connection therewith.

(i) Letter of Credit. Owner shall deliver to the Company at Closing the Replacement Letter of Credit, including such other endorsements or instruments as the issuer of the same shall reasonably require in order to assign Owner's interest in the same to the Company and change the named beneficiary party entitled to the benefits of the letter of credit to Company or its designee. The Replacement Letter of Credit shall, in all material respects, be in form and content satisfactory to Company.

(j) Tenant Notification Letter. A letter to the Tenant ("**Tenant Notification Letter**"), duly executed by Owner and dated as of the Closing, notifying Tenant that (a) the Property has been sold to the Company; (b) all of Owner's right, title and interest in and to the Tenant Lease and any Tenant deposits under the Tenant Lease have been assigned to the Company; and (c) commencing immediately, all rent and other payments and any notices under the Tenant Lease are to be paid and sent to the Company. The form and content of the Tenant Notification Letter shall be reasonably satisfactory to the Company.

(k) Replacement Insurance Policy. As of Closing, the Company shall have received either (i) a certificate of insurance indicating that the Replacement Insurance Policy for Tenant is in effect, in form and content satisfactory to Company in its sole discretion. or (ii) evidence satisfactory to the Company, in its sole discretion, that a Replacement Insurance Policy in form and content satisfactory to it will be in effect for Tenant within a reasonable time after Closing.

Section 9.2 Failure of Conditions. If any condition described in Section 9.1 is not satisfied at the times required and to the satisfaction of the Company, in its sole and absolute discretion, then the Company may, at its sole option, (a) extend the Closing Deadline for up to an additional thirty (30) days to allow for the satisfaction of such conditions, or (b) terminate this Agreement by giving written notice to Owner at any time on or before the Closing. If the Company extends the Closing Deadline and any such conditions remain unsatisfied at the end of such extended period, then the Company shall have the option, in its sole discretion, to either (i) terminate this Agreement, or (ii) proceed to the Closing. Upon termination of this Agreement under this Section 9.2, the Deposit shall be returned to the Company, and neither party shall have any further rights, obligations or liabilities under this Agreement (other than as set forth in Section 12.3 and Articles 14, 16 and 18), except that (i) if the failed condition is due to any breach by Owner of any of its representations, warranties, covenants or obligations hereunder which breach is a result of any omission or affirmative act of Owner or its representatives or (ii) as otherwise expressly provided in Section 3.3, then Owner shall be liable to the Company

for the Company's Due Diligence and Contract Costs (as hereinafter defined). The conditions set forth in this Section 9.2 are for the Company's sole benefit, and the Company may, in its sole discretion, waive (conditionally or absolutely) the fulfillment of any one or more of the conditions, or any part thereof. Owner shall not take or authorize, directly or indirectly, any action that modifies or changes the circumstances upon which the conditions set forth in Section 9.1 were deemed satisfied or waived by the Company without the Company's prior written consent. The Company's Due Diligence and Contract Costs shall mean, collectively and in the aggregate, all reasonable costs and expenses (including, without limitation, reasonable attorneys' and accountants' fees and related expenses) incurred by the Company in connection with (x) the Company's investigation of the Property pursuant to Article 3 hereof or otherwise (including, without limitation, costs and expenses for title examination and for the preparation of surveys, environmental studies, structural and valuation reports and other third party reports) and (y) the preparation and negotiation of this Agreement, the exhibits attached hereto and the documents to be executed pursuant hereto.

ARTICLE X CLOSING

Section 10.1 Closing. Closing of the transactions contemplated hereby (the "**Closing**") shall be held at the offices of First American Title Insurance Company, 1801 K Street, N.W., Suite 200-K, Washington, D.C. 20006 (unless the parties otherwise agree), on or before the date that is twenty (20) business days after the expiration of the Study Period (the "**Closing Deadline**"). The Closing Deadline may be adjourned or postponed by the Company from time to time, in its sole discretion, as provided for in this Agreement.

ARTICLE XI CLOSING MATTERS

Section 11.1 Owner's Obligations. At or before the Closing, Owner shall:

(a) Satisfaction of Violations. Cure (or escrow sufficient funds at the Closing with the Title Company to cure) all violation notices issued with respect to the Property to the extent such violation notices are caused by any omission or affirmative act of Owner, its agents or representatives, not to include any acts or omissions of Tenant.

(b) Affidavits; Indemnity Agreements. Execute and deliver to the Title Company a lien waiver and possession affidavit as required by the Title Company for issuance of the required title policy and the endorsements thereto for the Property.

(c) Deed. Execute and deliver to the Company a Special Warranty Deed (the "Deed") in the form attached hereto as Exhibit 11.1(c).

(d) FIRPTA Certificate. Execute and deliver to the Company a FIRPTA Certificate substantially in the form attached hereto as Exhibit 11.1(d).

(e) Owner's Certificate. Execute and deliver to the Company an Owner's certificate substantially in the form attached hereto as Exhibit 11.1(e).

(f) Opinion of Owner's Counsel. If and to the extent required by the Title Company, deliver to the Company and the Title Company a favorable opinion of counsel to Owner, acceptable to the Title Company in both form and substance, opining that (i) Owner is duly organized, (ii) Owner has the power and authority to own and convey the Property to Company and otherwise to perform its obligations required by this Agreement, and (iii) that all documents required to be delivered by Owner hereunder are duly authorized and constitute the valid, legal and binding obligations of Owner.

(g) Further Assurances. Execute (as applicable) and deliver (or cause to be delivered) to the Company the Owner Closing Documents, including but not limited to the documents and certificates set forth in Section 9.1 and shall deliver (or cause to be delivered) such other documents, affidavits and certificates as may be required by this Agreement.

(h) Possession. Give full possession of the Property to the Company, subject only to the rights of Tenant under the Tenant Lease.

Section 11.2 The Company's Obligations. At the Closing, the Company shall execute (as applicable) and deliver (or cause to be delivered) to the Title Company or Owner, as applicable, (i) the Purchase Price by wire transfer, to the Title Company, (ii) Company Closing Documents, and (iii) such other documents, affidavits and certificates as may be required by this Agreement.

ARTICLE XII PRORATIONS AND ADJUSTMENTS

Section 12.1 Prorations and Adjustments.

(a) Rents. All rents (including Base Rent and any escalations) and other payments required from Tenant under the Tenant Lease and all other revenue from the Property (collectively, "**Rents**") shall be prorated between Owner and the Company as of the day prior to the Closing. Owner shall be entitled to all Rents attributable to any period up to, but not including the Closing. The Company shall be entitled to all Rents attributable to any period on and after the Closing.

Section 12.2 Other Property Expenses. Tenant shall continue to make all other payments with respect to the Property as required by the Tenant Lease, including but not limited to real estate and property taxes and assessments; water, electric, telephone and all other utility charges; other operating expenses and all other disbursements, payments and obligations relating to the Property.

Section 12.3 Costs and Expenses. Except as otherwise provided in this Agreement, Owner shall be solely responsible for the following: (a) all costs of preparation of the Deed for the Property; (b) all revenue or excise tax levied by the state or county, with regard to the Deed, except with respect to transfer taxes adopted in Wake County, North Carolina, which costs shall be shared equally by the Owner and the Company; and (c) all costs associated with (i) repaying any indebtedness secured by the Property; and (ii) any gains taxes, income taxes or similar taxes owing by Owner as a result of the transactions contemplated hereby. The Company and Owner shall each pay their respective legal fees and expenses incurred in connection with the

negotiation of this Agreement and all related documents and in addressing each such party's tax and securities issues.

**ARTICLE XIII
DEFAULT**

Section 13.1 Default by the Company. If this transaction fails to close as a result of a default by the Company with respect to any of the terms of this Agreement, and such default continues for a period of ten (10) days after Owner notifies the Company in writing of such default, Owner's sole and exclusive remedy for such default shall be the right to cancel and terminate this Agreement and receive and retain the Deposit. Upon such termination, each party shall be released from all other duties or obligations contained herein, except as otherwise provided in Section 12.3 and Articles 14, 16 and 18, and the Title Company shall immediately pay the Deposit to Owner as liquidated damages as the sole and exclusive remedy of Owner, it being understood and agreed that Owner is hereby releasing and/or waiving any right it might have to either specifically enforce this Agreement or to sue for damages other than failure to comply with Section 12.3 and Articles 14, 16 and 18. Owner has agreed to this liquidated damage provision because of the difficulty of ascertaining Owner's actual damages given the uncertainties of the real estate market, fluctuating property values and differences of opinion with respect to such matters.

Section 13.2 Default by Owner. If this transaction fails to close as a result of a default by Owner with respect to any of the terms of this Agreement, and such default is not cured on or before the earlier of ten (10) days after Company notifies Owner in writing of such default or the day of the Closing, the Company shall have the right, at its sole option, to: (a) cancel and terminate this Agreement, and receive a reimbursement of the Deposit, whereupon Owner shall reimburse the Company on demand for all of the Company's Due Diligence and Contract Costs (as hereinafter defined) up to a total of Fifteen Thousand and 00/100 Dollars (\$15,000.00), the Title Company shall immediately reimburse the Deposit to Company, and each party shall be released from all other duties or obligations contained herein, except as otherwise provided in Section 12.3, and Articles 14, 16 and 18; (b) waive the default or failure to perform and proceed with the Closing; or (c) pursue the remedy of specific performance.

**ARTICLE XIV
INDEMNIFICATION AND RELEASE**

Section 14.1 Owner Indemnification. From and after the date of Closing, Owner hereby agrees to indemnify and hold the Company harmless from and against: (a) any loss, cost, liability or damage suffered or incurred by the Company because any representation or warranty by Owner shall be false or misleading in any material respect on the date made or deemed made; (b) any loss, cost, liability or damage suffered or incurred by the Company because of Owner's failure to timely perform any of its covenants, obligations or agreements under this Agreement; (c) any and all liabilities, claims, demands, losses, suits and judgments of any kind or nature (except those items which under the terms of this Agreement specifically and expressly become obligations of the Company or otherwise are the obligations of the Tenant under the terms of the Tenant Lease), brought by third parties and based on events occurring at or before the Closing and which are in any way related to Owner or its ownership, maintenance, condition or operation

of the Property, including, but not limited to, Environmental claims and all expenses related thereto, including, but not limited to, court costs and attorneys' fees; and (d) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 14.1. As to any claim, action or other matter subject to the foregoing indemnity, Owner shall assume the defense thereof with counsel acceptable to the Company. Such claim, action or other matter shall not be settled without the approval of both the Company and Owner. Notwithstanding the foregoing, Owner shall have no obligation to the Company pursuant to this Section 14.1 until the amount of damages incurred by the Company exceeds a total of Five Thousand and No/100 Dollars (\$5,000.00) individually or Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in the aggregate.

14.2 The Company's Indemnification. From and after the date of Closing, the Company hereby agrees to indemnify and hold Owner harmless from and against (a) any and all liabilities, claims, demands, losses, suits and judgments of any kind or nature brought by third parties and based on events occurring after the Closing and which are in any way related to the Company or its ownership, maintenance, condition or operation of the Property, including, but not limited to, Environmental claims, (b) in the event that Closing does not occur or this Agreement is terminated for any reason other than a default by Owner, any loss, cost, liability or damage to person or the Improvements at the Property suffered or incurred by Owner as a result of the Company's entry onto the Property prior to the Closing, and (c) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Owner in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 14.2. As to any claim, action or other matter subject to the foregoing indemnity, the Company shall assume the defense thereof with counsel acceptable to Owner. Such claim, action or other matter shall not be settled without the approval of both the Company and Owner. Notwithstanding the foregoing, the Company shall have no obligation to Owner pursuant to this Section 14.3 hereunder until the amount of damages incurred by Owner exceeds a total of Five Thousand and No/100 Dollars (\$5,000.00) individually or Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in the aggregate.

**ARTICLE XV
DAMAGE, DESTRUCTION OR CONDEMNATION**

15.1 Casualty. Prior to the Closing, all risk of loss shall belong to Owner. If, prior to the Closing, the Property or any part thereof shall be destroyed or materially damaged by fire or other casualty, the Company may, at its option, either (a) subject to the availability of insurance proceeds, require the Owner to repair or cause to be repaired such damage prior to the Closing to the reasonable satisfaction of the Company, at no cost or expense to the Company, in which event the proceeds of any insurance applicable thereto shall be paid to Owner, (b) itself settle the loss under all policies of insurance applicable to the destruction or damage and receive the proceeds of insurance applicable thereto, and Owner shall, at the Closing and thereafter, execute and deliver to the Company all required proofs of loss, assignments of claims and other similar items, or (c) terminate this Agreement, in which event the Deposit shall be returned to the

Company and neither party shall have any further rights or obligations under this Agreement except as expressly set forth in Section 12.3 and Articles 14, 16 and 18 of this Agreement.

15.2 Condemnation or Taking. If, prior to the Closing, the Property or any part thereof shall be condemned or taken and such condemnation or taking materially interferes with the existing business use of the Property, the Company may (a) terminate this Agreement, or (b) complete the transactions contemplated by this Agreement notwithstanding such condemnation. Notwithstanding the preceding, in the event the taking is an action by the North Carolina Department of Transportation for the purpose of condemning an easement for stormwater drainage and the deposit of water along the Property boundary, the provisions of this Section 15.2 shall not apply, and Company shall be obligated to proceed with Closing. If the Company elects to complete the transactions contemplated hereby, the Company shall be entitled to receive the condemnation proceeds and Owner shall, at the Closing and thereafter, execute and deliver to the Company all required assignments of claims and other similar items. If the Company elects to terminate this Agreement, then upon written notice to Owner and without further action of the parties, the Deposit shall be returned to the Company, this Agreement shall become null and void and no party shall have any rights or obligations under this Agreement except as expressly set forth in Section 12.3, and Articles 14, 16 and 18 of this Agreement.

ARTICLE XVI BROKERS

16.1 Brokers. The Company hereby represents and warrants to Owner that it has not authorized any broker, agent or finder to act on its behalf in connection with the transaction contemplated by this Agreement. Owner hereby represents and warrants that it has not authorized any broker, agent or finder to act on its behalf in connection with the transaction contemplated by this Agreement other than Stan Johnson Company ("Owner's Broker"). Owner shall pay all fees and commissions due and owing to Owner's Broker pursuant to a separate written agreement made prior to the date of this Agreement between Owner and Owner's Broker. Each party agrees that it shall indemnify, defend and save the other harmless from and against any cost, expense, claim, loss, liability or damages, including actual reasonable attorneys' fees and court costs, resulting from a breach of its respective foregoing representation and warranty.

ARTICLE XVII MISCELLANEOUS

17.1 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given/received: (a) on the date delivered if delivered personally; (b) on the date sent if sent by facsimile, with a copy sent by one of the other methods of delivery described in this Section; (c) the next Business Day after deposit with a recognized overnight courier service when marked for delivery on the next Business Day; or (d) two (2) days after mailing if sent by registered or certified United States mail, properly addressed and postage pre-paid, and addressed to the party for whom it is intended at the address hereinafter set forth:

If to Owner: Eastpark Group II, L.L.C.
c/o Capital Associates
1100 Crescent Green
Suite 115
Cary, NC 27511
Attn: Thomas R. Huff
Fax: (919) 233-9905

with a copy to: Michael G. Winters, Esquire
Ellis & Winters LLP
1100 Crescent Green, Suite 200
Cary, NC 27511
Fax: (919) 865-7010

If to the Company: Gladstone Commercial Limited Partnership
c/o Gladstone Commercial Corporation
1616 Anderson Road
Second Floor
McLean, VA 22102
Attn: Arthur S. Cooper
Fax: (703) 286-0795

with a copy to: Winston & Strawn LLP
1400 L Street, N.W.
Washington, D.C. 20005
Attn: Richard F. Williamson, Esq.
Fax: 202-371-5950

Either party may designate a change of address by written notice to the other in accordance with the provisions set forth above, which notice shall be given at least ten (10) days before such change of address is to become effective.

17.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective personal representatives, heirs, successors and assigns of the parties. Owner shall not have any right to assign its rights or obligations under this Agreement without the prior written consent of the Company. The Company shall have no right to assign its rights or obligations under this Agreement without the prior written consent of Owner; provided, however, no Owner's consent shall be required for any assignment by the Company of its rights and obligations under this Agreement to any person or entity that is an affiliate or subsidiary of the Company or that is otherwise owned or controlled by the Company. Any assignment or attempted assignment of this Agreement or the rights and obligations hereunder other than strictly in accordance with the provisions of this Section 17.2 shall be null and void and of no force or effect.

17.3 Survival. The representations and warranties set forth in Sections 5.1(c), (e), (g), and (i), 7.1 and 8.1 and in Article 16 of this Agreement, and any indemnification related to any of the foregoing, shall survive the Closing indefinitely, subject to any applicable statute of limitations. Owner's responsibility and liability pursuant to Article 18 and Section 6.1(a) shall survive the Closing for the period specified in such Sections. All other representations, warranties, covenants, agreements and indemnities set forth in or made pursuant to this Agreement and any indemnification related thereto under Article 14 hereof or otherwise (including, without limitation, Section 12.3) shall remain operative, and shall survive the Closing under this Agreement, only with respect to claims made in writing not later than two (2) years after the Closing.

17.4 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina, excluding conflicts of laws principles.

17.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument; provided, however, in no event shall this Agreement be effective unless and until signed by all parties hereto.

17.6 Further Assurances. Owner agrees that it will, at any time and from time to time after the Closing, upon request of the Company, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further reasonable acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the better assigning, transferring, granting, assuring and confirming to the Company, or to its successors and assigns, or for aiding and assisting in collecting and reducing to possession, any or all of the assets or property being conveyed to the Company pursuant to this Agreement.

17.7 Recitals; Exhibits. Each and all of the recitals set forth above and the exhibits attached hereto are hereby incorporated into this Agreement by reference.

17.8 Rules of Construction. Section captions used in this Agreement are for convenience only and shall not affect the construction of the Agreement. All references to "Articles" and "Sections," without reference to a document other than this Agreement are intended to designate articles and sections of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, unless specifically designated otherwise. The use of the term "including" shall mean in all cases "including but not limited to," unless specifically designated otherwise. No rules of construction against the drafter of this Agreement shall apply in any interpretation or enforcement of this Agreement, any documents or certificates executed pursuant hereto, or any provisions of any of the foregoing.

17.9 Time of Essence. Time is important to all parties in the performance of this Agreement, and the parties have agreed that strict compliance is required as to any date set out in this Agreement.

17.10 Entire Agreement. This Agreement and the exhibits attached hereto and thereto contain the entire agreement between the parties relating to the Property, all prior negotiations between the parties, including, without limitation, any letter of intent, access agreement and confidentiality agreement (including all amendments or modifications thereof), are merged in this Agreement, and there are no promises, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, between them other than as herein set forth. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. No waiver of any of the provisions of this Agreement and other agreements referred to herein shall be valid unless in writing and signed by the party against whom it is sought to be enforced.

17.11 Exclusive Dealing. For so long as this Agreement remains in effect and has not been terminated in accordance with the provisions hereof, Owner shall not, directly or indirectly, through any representative, agent or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any other person related to the acquisition or lease of the Property, in whole or in part, whether through direct purchase, lease, merger, consolidation or other combination. Notwithstanding the preceding, Owner or its agent may respond to any third party inquiry and explain the status of the proposed sale, without disclosing the name of the Company as purchaser.

17.12 Trading Restrictions. Owner, on its behalf and on behalf of its affiliates, agrees neither to purchase nor sell publicly traded shares of Gladstone Commercial Corporation based on "inside information" that may become available as a result of discussions with Gladstone Commercial Corporation and/or the Company.

17.13 Section 1031 Exchange. Buyer acknowledges that a material part of the consideration to the Seller for selling the Property is Seller's ability to qualify the transaction contemplated by this Agreement as part of a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986, as amended. As a result, Buyer covenants and agrees to execute all documents (to be prepared by Seller's counsel at Seller's cost) necessary to accomplish such exchange; provided, however, no such document shall (i) create any obligation of Buyer other than or in addition to the obligations of Buyer described in this Agreement or (ii) amend, extinguish or waive any obligation of Seller under this Agreement. Buyer agrees that Seller may assign this Agreement to an exchange intermediary of Seller's choice.

ARTICLE XVIII CONFIDENTIALITY

18.1 Public Announcements. Except as provided otherwise in this Section 18.1, Owner hereby agrees that it will not and shall direct its respective employees, officers, agents and representatives not to, directly or indirectly, release or cause or permit to be released to the public any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise publicly announce or disclose or cause or permit to be publicly announced or disclosed, in any manner whatsoever, the terms, conditions or substance of this Agreement or the transactions contemplated herein, without first obtaining the consent of the Company. It is understood that the foregoing shall not (i) preclude any party from discussing the substance or any relevant details of the transactions contemplated in this Agreement on a

confidential basis with any of its members, attorneys, officers, directors, employees, accountants, professional consultants, financial advisors, rating agencies, or potential lenders, as the case may be, (the “**Representatives**”) provided that such Representatives have been informed of the Owner’s obligations hereunder and their obligations under securities laws with respect to disclosure of information and trading in the stock of Company or its Affiliates or (ii) prevent it from complying with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements.

18.2 Injunctive Relief. In addition to any other remedies available to the Company, the Company shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against Owner in order to enforce the provisions of Section 18.1. Notwithstanding any other provision of this Agreement, the provisions of this Article 18 shall survive the termination of this Agreement for one (1) year following the Effective Date and shall survive the Closing for one (1) year following the Closing.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

WITNESS:

OWNER:

EASTPARK GROUP II, LLC,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By: /s/Thomas R. Huff _____
Name: Thomas R. Huff
Title: _____

By: /s/ Hugh D. Little _____
Hugh D. Little, General Partner

THE COMPANY:
GLADSTONE COMMERCIAL LIMITED
PARTNERSHIP
a Delaware limited partnership

By: Gladstone Commercial Corporation,
its general partner

By: _____
Name: _____
Title: _____

By: /s/ Arthur S. Cooper _____
Name: Arthur S. Cooper
Title: Principal

EXHIBIT 1.8

LEGAL DESCRIPTION

BEING all of Lot 67, as shown on that map entitled, "Recombination of Lots 65, 66 and 67 Eastpark," as recorded in Book of Maps 1997, Page 842, Wake County Registry.

Ex. 1.8-Page 1

EXHIBIT 2.2

FORM OF ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is made and entered into this ____ day of December, 2003, among EASTPARK GROUP II, LLC, a North Carolina limited liability company ("Owner"), and GLADSTONE COMMERCIAL LIMITED PARTNERSHIP, a Delaware limited partnership (the "Company"), and FIRST AMERICAN TITLE INSURANCE COMPANY ("Escrow Agent"). Reference is made to that certain Purchase Agreement dated as of December _____, 2003 (the "Contract"), between Owner, _____ and the Company. The defined terms used in this Agreement shall have the meanings set forth in the Contract.

The Company and Owner have agreed to select Escrow Agent to serve as escrow agent with respect to the Deposit to be made by the Company pursuant to the Contract. The purpose of this Agreement is to prescribe instructions governing the services of Escrow Agent with respect to the Deposit and the Closing.

1. Owner and the Company hereby engage Escrow Agent to serve as escrow agent with respect to the Deposit made by the Company pursuant to the terms of the Contract, a copy of which has been delivered to and received by Escrow Agent. Escrow Agent hereby accepts such engagement.
2. Escrow Agent acknowledges receipt of the Deposit and agrees to place the Deposit into a federally-insured and an interest-bearing escrow account in a Washington, DC commercial bank and to notify the Company and Owner of the location and number of such interest-bearing account. Interest shall be maintained in the escrow account as a part of the Deposit and credited to the Company for tax purposes. The Company's Federal Taxpayer Identification Number is 91-2198700.
3. Escrow Agent shall disburse the Deposit and any interest earned thereon in accordance with the terms and conditions of the Contract. At the time of the Closing, if any, if the Deposit has not been disbursed previously in accordance with the Contract, then Escrow Agent shall disburse the Deposit and interest thereon to Owner to be credited against the Aggregate Purchase Price.
4. In the event that there is a dispute regarding the disbursement or disposition of the Deposit or the interest earned thereon, or in the event Escrow Agent shall receive conflicting written demands or instructions with respect thereto, then Escrow Agent shall withhold such disbursement or disposition until notified by both parties that such dispute is resolved or Escrow Agent may file a suit of interpleader at the cost and expense of Owner and the Company.
5. Escrow Agent shall not be liable for any damage, liability or loss arising out of or in connection with the services rendered by Escrow Agent pursuant to this Agreement unless the same results from the negligence, gross negligence, or willful misconduct of Escrow Agent.

6. Copies of all notices given by any party hereunder shall be delivered in person or mailed, postage prepaid, to all other parties hereto, to the following addresses:

If to Owner: Eastpark Group II, L.L.C.
c/o Capital Associates
1100 Crescent Green
Suite 115
Cary, NC 27511
Attn: Thomas R. Huff
Fax: (919) 233-9905

with a copy to: Michael G. Winters, Esquire
Ellis & Winters LLP
1100 Crescent Green, Suite 200
Cary, NC 27511
Fax: (919) 865-7010

If to the Company: Gladstone Commercial Limited Partnership
c/o Gladstone Commercial Corporation
1616 Anderson Road
Second Floor
McLean, VA 22102
Attn: Arthur S. Cooper
Fax: (703) 286-0795

with a copy to: Winston & Strawn LLP
1400 L Street, N.W.
Washington, D.C. 20005
Attn: Richard F. Williamson, Esq.
Fax: 202-371-5950

Either party may designate a change of address by written notice to the other in accordance with the provisions set forth above, which notice shall be given at least ten (10) days before such change of address is to become effective.

7. The instructions contained herein may not be modified, amended or altered in any way except by a writing (which may be in counterpart copies) signed by Owner, the Company and Escrow Agent.

8. The Company and Owner reserve the right, at any time and from time to time, to substitute a new escrow agent in place of Escrow Agent.

9. This Agreement is intended solely to supplement and implement the provisions of the Contract and is not intended to modify, amend or vary any of the rights or obligations of the Company or Owner under the Contract.

10. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument; provided, however, in no event shall this Agreement be effective unless and until signed by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

WITNESS:

By: _____
Name: _____
Title: _____

OWNER:

EASTPARK GROUP II, LLC,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By: _____
Hugh D. Little, General Partner

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE
COMPANY

By: _____ [SEAL]
Name: _____
Title: _____

EXHIBIT 3.2

SCHEDULE OF DOCUMENTS TO BE DELIVERED TO THE COMPANY

- (1) The Tenant Lease, including without limitation, any and all amendments, modifications and letters of credit.
- (2) A current rent roll, certified as accurate by Owner's chief financial officer or an equivalent officer or official.
- (3) Operating Statements and tax bills for the Property. Such statements shall properly reflect the profit and loss from the management of the Property for three (3) years.
- (4) Plans for the Improvements on the Property.
- (5) Copy of Owner's existing title policy for the Property, together with legible copies of all documents referred to in the title policy.
- (6) Copy of existing "as-built" survey of the Property and original topographical survey.
- (7) Original Phase I environmental report and all reports and/or notices relating to the physical condition of the Property, including, without limitation, any soils reports, engineering, architectural or other structural reports or studies and similar data relating to the Property in Owner's possession.
- (8) Existing fire and casualty insurance certificates.
- (9) Copies of the warranty relating to the roof membrane of the Improvements, and a list and description of any material third party warranties which will be in effect after the Closing with respect to the Property, including, without limitation, the Improvements.
- (10) Copies of all certificates of occupancy.

EXHIBIT 4.2

TITLE INSURANCE REQUIREMENTS AND ENDORSEMENTS

This Memorandum sets forth a checklist of standard title insurance requirements for projects being acquired by Gladstone Commercial Corporation or an affiliated company ("GCC"). Additional or different requirements may be specified for your particular transaction.

1. General:

(a) The maximum single risk assumed by any single title insurer may not exceed 25% of that company's capital, surplus and statutory reserves. Excess amounts may be covered by appropriate reinsurance arrangements with other acceptable title insurance companies.

(b) The title insurance policy must be written by an insurer that has an acceptable rating from at least one of the following independent rating agencies:

- a "Financial Stability Rating" of "S" (Substantial) or better or a "Statutory Accounting Rating" of "C" (Average) or better from Demotech, Inc.;
- a "BBB" or better rating from Duff and Phelps Credit Rating Company;
- a "C" or better rating from LACE Financial Corporation;
- a "Baa" or better rating from Moody's Investors Service; or
- a "BBB" or better rating from Standard and Poor's, Inc.

(c) Each title insurance policy must be written by an insurer authorized to do business in the jurisdiction where the property is located.

(d) Subject to the satisfaction of other requirements set forth herein, GCC will accept the standard 1992 ALTA form of loan title insurance policy or the 1990, 1987 or 1970 (amended October 17, 1970, and October 17, 1984) form of owner's policies. GCC must receive and approve a commitment and a pro forma owner's title insurance policy. Copies of all documents and/or surveys referred to in the legal description or in the exceptions in Schedule B-I must be submitted with the commitment. The title insurance company must remove (by endorsement or written waiver) any creditors' rights exception or exclusion.

(e) If the 1990 or 1987 ALTA form of policy or a policy containing similar arbitration provisions is used, the title insurance company must agree that the compulsory arbitration provisions of the policy do not apply for any claims by or on behalf of the insured.

(f) The policy must include an Environmental Protection Lien Endorsement (ALTA Form 8.1). Subparagraph (b) of ALTA Form 8.1 may take exception for an entire state statute that provides for environmental protection liens that could take priority, only if specific sections or subsections are referenced. A reference solely to a general statute is acceptable only

if approved in writing by GCC prior to Closing. If no such statutes exist, "None" should be entered in the space below subparagraph (b).

(g) The policy must include a Comprehensive Endorsement (ALTA Form 9).

2. Schedule A - Description:

(a) The amount of the title insurance policy must equal at least the original purchase price of the property.

(b) The effective date of the title policy must be as of the date (and time, where available) of the recordation of the Deed.

(c) The policy must name as the insured the entity designated by GCC as the owner.

(d) Schedule A must include a description of the Deed, with the complete name of the instrument, the date of execution, recordation date and recordation information.

(e) The legal description of the property in the title insurance policy must precisely conform to that shown on the survey of the property. Alternatively, the title insurance policy may be endorsed to provide that the legal description is the same as shown on the survey.

(f) Any appurtenant easements (such as access or utility easements) must be set forth in the legal description and affirmatively insured under Schedule A as a separate insured interest in land.

(g) The title insurance policy must include, as an informational note, in Schedule A (i) the recorded plat number (and recording information), if any, and (ii) the property parcel number(s) or tax identifying number(s), as applicable, for the property, if such numbers are available in the jurisdiction in which the property is located.

3. Schedule B-I - Title Exceptions:

(a) Standard exceptions (such as for parties in possession, other matters not shown on public records and for filed and unfiled mechanics' and materialmen's liens) must be deleted.

(b) The title insurance company must remove (by endorsement or written waiver) any creditor's rights exception to or exclusion from the title insurance policy.

(c) If the title insurance policy includes any exception for taxes, assessments or other lienable items, it must expressly insure that such taxes, assessments or items are not yet due and payable.

(d) The title insurance policy must contain no exception for any filed or unfiled mechanics' or materialmen's liens.

(e) The standard survey exception to the title policy, if any, must be deleted. Exceptions to specific matters shown in a recorded plat must be specifically described and affirmative coverage must be obtained for any matters listed.

(f) Any lien, encumbrance, condition, restriction or easement must be included in the policy and must be described in sufficient detail so that its nature, width and location, as applicable is readily discernible in the written description. All exceptions which regard easement rights of others to the property must be listed as an "Easement ...". The policy must affirmatively insure that improvements do not encroach upon the listed easements or affirmatively insure against loss or damage due to such encroachment.

(g) All easements listed in Schedule B-I must appear on the survey noted by deed book and page number. If Schedule B-I indicates the presence of any easements that are not specifically located, the title policy must provide affirmative insurance against any loss resulting from the exercise by the holder of such easement of its right to use or maintain that easement.

3. Schedule B-II - Subordinate Matters:

Tenants in possession under unrecorded leases must be listed as such on Schedule B, Part II or included as an exception in Schedule B, Part I as "rights of tenants in possession as of the date hereof, as tenant's only, under unrecorded leases."

4. Required Endorsements:

- (h) ALTA 9 Comprehensive Endorsement
- (i) Survey Endorsement
- (j) ALTA 3.1 Zoning Endorsement (with additional coverage for number and type of parking spaces)
- (k) Doing Business Endorsement
- (l) Access Endorsement
- (m) Separate Tax Lot Endorsement
- (n) Environmental Protection Lien Endorsement
- (o) Subdivision Endorsement
- (p) Contiguity Endorsement
- (q) Creditor's Rights Endorsement (as applicable)
- (r) Tax Deed Endorsement (as applicable)

(s) Mechanics' Lien Endorsements

(t) Non-Imputation Endorsement (as applicable)

(u) Fairways Endorsement

(v) Condominium Endorsement (as applicable)

EXHIBIT 4.2(a)

SURVEY REQUIREMENTS

This Memorandum sets forth a checklist of standard survey requirements for projects being acquired by Gladstone Commercial Corporation or an affiliated company ("GCC"). Additional or different requirements may be specified for your particular transaction.

1. The survey must be certified by a surveyor licensed in the jurisdiction in which the property is located. If that jurisdiction licenses engineers instead of surveyors, then it must be certified by a licensed engineer.
2. The survey must be certified to [Company] and Gladstone Commercial Corporation, a _____, its successors and assigns (collectively, the "Owner") and each and every mortgagee of Owner and First American Title Insurance Company."
3. The survey must be dated no more than ninety (90) days prior to the date the Deed is recorded.
4. The survey must be acceptable to the title insurance company for purposes of insuring title free and clear of survey exceptions.
5. The survey must be made in accordance with the 1999 "Minimum Standard Detail Requirements for Land Title Surveys" jointly established and adopted by American Land Title Association ("ALTA") and American Congress on Surveying and Mapping ("ACSM") and includes items 1, 2, 3, 4, 6, 7(a,b,&c), 8, 9, 10, 11(a), 13 (including uses), 14, 15, and 16 of Table A thereof.
6. The survey must show the following:
 - (w) the dimension and total square footage (land area) of the property;
 - (x) the location, dimensions and a brief description (*i.e.*, "20-unit, 2-story brick building") of all buildings, structures and other improvements (including sidewalks, curbs, parking areas and fences) on the property and the distance from the improvements to adjoining exterior property lines;
 - (y) the location of all easements, servitudes, or rights-of-way (above or below ground) on the property, or other similar exceptions listed in the commitment for the title insurance policy for the property (except that blanket easements may be shown as such), including, any exceptions shown on a recorded map or plat, together with the complete recording information for all such matters;
 - (z) the location and dimensions of any encroachments by the improvements on the property onto any adjacent property, street, alley or easements located on the property and by improvements on any adjacent property, street or alley onto the property;

(aa) the location of minimum recorded setback lines for the property and any other building restrictions, including complete recording information if such restrictions have been recorded;

(bb) the number, size and location of parking spaces on the property;

(cc) the location of utilities serving the property, including points of ingress to and egress from the property of such utilities, should be designated on the survey by placement of an arrow with a statement, for example: "Water service exits and enters here" (within the property; however, the location of underground utility lines which serve only the property is not required to be shown);

(dd) indication of access (such as curb cuts and driveways) to adjoining streets and highways and the status of such roadways as public or private;

(ee) the monuments placed (or a reference monument) at all major corners of the boundary of the property;

(ff) a legend of all symbols and abbreviations used on the survey;

(gg) a vicinity map showing the property surveyed in reference to nearby highway(s) or major street intersection(s);

(hh) observable evidence of cemeteries;

(ii) the identity of all abutting owners, lot number and names of subdivisions; and

(jj) significant observations not otherwise defined.

7. The description of the property shown on the survey must conform to the legal description shown in the commitment for the title insurance policy for the property. A metes and bounds description, a lot and block description, or a description of the property bounded on all sides by dedicated streets or alleys is acceptable as long as it corresponds to the legal description shown in such title insurance commitment. If the title insurance commitment refers to a recorded plat, then such plat with appropriate recording requirements must be indicated on the survey.

8. If any portion of the property is in a Special Hazard Area, as designated on the applicable Flood Insurance Rate Map for the community, the boundaries and a designation of the zone of any such area within the property must be shown on the survey.

9. The survey must contain a surveyor's certificate in the form described below. Such certificate will be acceptable if it is printed as a legend on the survey or is attached to and specifically identifies the survey.

FORM OF SURVEYOR CERTIFICATION

[Name], a registered land surveyor, License No. [Number], in and for the State of _____ and legally doing business in _____ County, does hereby certify to Gladstone Commercial Corporation, a _____, its successors and assigns] and [Title Company] and [Lender]:

the accompanying survey ("Survey") represents a true and correct survey made by me on _____, 200__ of the land therein particularly described;

the Survey and the information, courses and distances shown thereon are correct;

the title lines and lines of actual possession are the same;

the land described in the Survey is the same as described in the title insurance commitment described below;

the area of the subject property and the size, location and type of buildings and improvements and any other matters situated on the subject property are as shown and all buildings and improvements are within the boundary lines and applicable set-back lines of the property;

there are no violations of zoning ordinances, restrictions or other rules and regulations with reference to the location of said buildings and improvements;

there are no easements or uses affecting this property appearing from a GCCeful physical inspection of the same, other than those shown and depicted on the Survey;

there are no encroachments on the adjoining properties, streets, or alleys by any of said buildings, structures and improvements, other than as shown on the Survey;

there are no party walls or visible encroachments on said described property by streets, alleys or buildings, structures or other improvements situated on adjoining property, except as shown on the Survey;

all utility services required for the operation of the premises either enter the premises through adjoining public streets, or the Survey shows the point of entry and location of any utilities that pass through or are located on adjoining land;

the Survey shows the location and direction of all visible storm drainage systems for the collection and disposal of all roof and surface drainage;

any discharge into streams, rivers or other conveyance system is shown on the Survey;

the subject property [insert "DOES" or "DOES NOT"] lie within a Special Flood Hazard Area ("SFHA") as defined by the Federal Emergency Management Agency; the property lies within Zone(s) _____ [only Zones with prefixes of "A" or "V" are in SFHAs] of the Flood Insurance Rate Map identified as Community Panel No. _____, bearing an effective date of _____;

the subject property has access to and from a duly dedicated and accepted public street or highway[if not, so state];

[except as shown on the survey,] the subject property does not serve any adjoining property for drainage, utilities or ingress or egress; and

the record description of the subject property forms a mathematically closed figure[if not, so state].

The undersigned has received and examined a copy of [Company] Title Company's Commitment No. [Number]; and the location of any matter shown thereon, to the extent it can be located, has been shown on this Survey with the appropriate recording reference.

[If the certificate is attached to rather than typed or otherwise reproduced on the face of the survey, add a paragraph specifically identifying the survey (such as by date, property description and survey number) to which the certificate relates.]

The parties listed above are entitled to rely on the survey and this certificate as being true and accurate.

This Survey is made in accordance with the 1999 "Minimum Standard Detail Requirements for Land Title Surveys" jointly established and adopted by American Land Title Association ("ALTA") and American Congress on Surveying and Mapping ("ACSM") and meets the requirements of an Urban Survey, as defined in the current accuracy standards jointly adopted by ALTA and ACSM and includes items 1, 2, 3, 4, 6, 7(a,b,&c), 8, 9, 10, 11(a), 13 (including uses), 14, 15, and 16 of Table A thereof

[Signature]

[Type name of surveyor below signature line]

Registration No.

Date:

[SEAL]

EXHIBIT 5.1(c)(i)

COPY OF TENANT LEASE

EXHIBIT 5.1.(c)(ii)

COPY OF LETTER OF CREDIT

EXHIBIT 6.1(h)(1)

FORM OF TENANT ESTOPPEL CERTIFICATE

The undersigned ("Tenant") hereby warrants, represents and certifies to and agrees with **[GLADSTONE SPECIAL PURPOSE ENTITY]**, whose mailing address is c/o _____ ("Purchaser"), the following statements set forth below in this Tenant Estoppel Certificate with the understanding that Purchaser is relying on such warranties, representations, certifications and agreements in this Certificate as an inducement to Purchaser to purchase certain properties, including the Property (as defined below), pursuant to that certain Purchase Agreement dated as of _____, 200____, ("Purchase Agreement") by and between _____, as seller, and Purchaser, as purchaser. Based upon the foregoing, Tenant hereby warrants, represents and certifies as follows:

1. The Tenant is the tenant under that certain lease (the "Lease") dated _____, _____ as amended on _____ between _____ ("Landlord"), as landlord, and Tenant, as tenant, covering the property located at _____ [address including city and state] ("Property"), more particularly described on Exhibit A attached hereto, and the following information concerning the Lease, the Tenant and the Property is true and correct.

(kk) A true, correct and complete copy of the Lease together with all amendments, modifications, side letters, guaranties, letters of credit and other documents evidencing, governing or securing the Tenant's obligations under the Lease are attached hereto as Exhibit B. The Lease constitutes the entire agreement between Landlord and Tenant concerning the Property and there are no other agreements, written or oral, between Landlord and Tenant relating thereto as attached in Exhibit B.

(ll) The Lease commenced on _____ and expires on _____. Tenant has no options to renew, options to purchase, first right to negotiate, or other such similar rights, except [describe any options; if none, state "none"]: _____

(mm) The Tenant has paid the monthly rent through and including the month of _____, 200____. The Tenant has paid all the charges through the most recent billing period for such charges. The Monthly Base Rent due under the Lease is \$ _____ per month.

(nn) Tenant is not entitled to any credits, reductions, offsets, defenses, free rent, rent concessions or abatements of rent under the Lease or otherwise against the repayment of rent or other charges under the Lease.

(oo) No rent (including additional rent and any other charges) has been paid more than (1) month in advance.

(pp) All of the obligations of Landlord under the Lease have been duly performed and completed, including without limitations, any obligations of Landlord to make or to pay Tenant for any improvements, alterations or work done on the Property.

(qq) There are no existing or claimed conditions which are or with the passage of time would constitute a default on the part of Landlord or Tenant under the terms of the Lease. The Tenant has not assigned, transferred, mortgaged, or hypothecated the Lease or any interest therein or subleased all or any portion of the Property.

(rr) The Landlord is holding a security deposit in the amount of \$_____.

(ss) Neither Tenant nor any guarantor of the Lease is presently the subject of any proceeding pursuant to the United States Bankruptcy Code of 1978, as amended.

(tt) There is no existing basis for Tenant to cancel or terminate the Lease.

(uu) There has been no material adverse change in Tenant's financial condition between the date hereof and the date of execution and delivery of the Lease.

2. Tenant acknowledges that Landlord has informed Tenant that Landlord has entered into a contract to sell the Property to Purchaser and that no modification, revision or cancellation of the Lease or amendments thereto shall be effective unless a written consent thereto of the Purchaser has been obtained.

3. Tenant hereby agrees not to assert any claims and waives and forever discharges all claims against Purchaser for any and all claims, actions or causes of action arising under or in connection with the Lease regardless of when the same may arise or may have arisen and irrespective of when any action or omission may have occurred or transpired which gave or may give rise to any such claims, actions or causes of action.

4. This Tenant Estoppel Certificate shall apply to, bind and inure to the benefit of Purchaser and Tenant and their respective successors and assigns. As used herein, the term "Tenant" shall mean and include the present tenant under the Lease and any successor of any of them. The term "Landlord" as used herein shall mean and include the present landlord under the Lease and such landlord's predecessors and successors in interest under the Lease.

TENANT:

a _____

By: _____

Name: _____

Title: _____

Exhibit A – Legal Description

Exhibit B – Lease

EXHIBIT 6.1(h)(2)

**FORM OF
ASSIGNMENT AND ASSUMPTION
OF LEASE AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this "Assignment") is made as of the ___day of ___, 2003, by EASTPARK GROUP II, L.L.C., a North Carolina limited liability company ("Assignor"), in favor of GLADSTONE COMMERCIAL LIMITED PARTNERSHIP, a Delaware limited partnership ("Assignee"). ABB INC., a Delaware corporation ("Guarantor"), formerly known as both ABB Automation, Inc. and ABB Power T&D Company (the "Original Tenant") hereby joins in the execution of this Assignment for the purpose of acknowledging, ratifying, confirming and reaffirming its obligations under the Lease (as hereinafter defined).

WITNESSETH:

WHEREAS, Assignor and ABB Power T&D Company, a Delaware corporation ("Original Tenant") entered into that certain Lease Agreement dated as of May 6, 1997 (as subsequently modified and assigned by the Modification Agreement defined herein, the "Lease"), pursuant to which Assignor leased to Original Tenant certain property containing approximately 58,926 rentable square feet of flex space at the building located at 208 South Rogers Lane, Raleigh, North Carolina 27610 (the "Premises"); and

WHEREAS, Assignor, ABB, Inc., a Delaware corporation ("ABB"), and ELSTER ELECTRICITY, LLC, a Delaware limited liability company ("Tenant") entered into that certain Lease Assignment, Assumption and Modification Agreement (the "Modification Agreement") dated as of May 1, 2003, pursuant to which ABB assigned all of its right, title and interest in and to the Lease to Tenant; and

WHEREAS, Assignor desires to assign its right, title and interest in and to the Lease to Assignee and Assignee desires to acquire Assignor's right, title and interest in and to the Lease.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) paid by Assignee to Assignor, the promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

2. Assignment. Assignor hereby transfers, assigns, conveys and sets over unto Assignee all of Assignor's right, title and interest in and to the Lease.
3. Assumption. Assignee hereby accepts the foregoing assignment of, and assumes Assignor's right, title and interest in and to the Lease and agrees to be bound by and subject to all of the terms, covenants and conditions thereof.
4. Representations and Warranties. Assignor hereby represents and warrants that as of the date hereof:

(a) Assignor has performed all of the obligations and responsibilities of Assignor as the landlord under the Lease.

(b) Assignor has not previously assigned the Lease to any third party. Assignor has full power, capacity and authority to sell, transfer and assign its rights under the Lease to Assignee as provided in this Assignment.

(c) Assignor has not dealt with any agent, broker or other person acting pursuant to express or implied authority of Assignor (each a "Broker"), and no person or entity is entitled to a commission or finder's fee in connection with this Assignment or will be entitled to make any claim against Assignee for a commission or finder's fee by reason of Assignor having engaged such Broker.

(d) Attached hereto as Exhibit A is a true, correct and complete copy of the Lease, which lease is valid and in full force and effect as of the date hereof, and has not been modified or amended except as otherwise expressly set forth on Exhibit A.

(e) The Lease sets forth the entire agreement between Assignor and Tenant relating to the leasing of the Premises, and there are not other agreements, written or oral, relating to the leasing of the Premises.

(f) To the best of Assignor's knowledge, neither Assignor nor Tenant is in default under the Lease. To the best of Assignor's knowledge, Tenant has no defense, offset or counterclaim against Assignor arising out of the Lease or in any way relating thereto, or arising out of any other transaction between Tenant and Assignor, and no event has occurred and no condition exists which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Lease. To the best of Assignor's knowledge, there are no events currently existing which give Tenant the right to cancel the Lease.

(g) No notice of termination has been given by Assignor or by Tenant with respect to the Lease.

(h) All payments due Assignor or Tenant under the Lease through and including the date hereof have been made.

(i) Tenant has not prepaid any Base Rent more than one (1) month in advance, and no cash security deposit (other than the Letter of Credit) is required to be held by or is being held by Assignor in accordance with the terms and provisions of the Lease.

(j) To the best of Assignor's knowledge, there are no disputes between Assignor and Tenant with respect to any rent or other sums due under the Lease or with respect to any provision of the Lease.

(k) Assignor is not currently a petitioner in any bankruptcy proceeding or state insolvency proceeding.

5. Indemnification.

(a) Assignor hereby agrees to indemnify and hold Assignee harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignee in connection with (A) obligations and responsibilities required to be performed by Assignor under the Lease and relating to any period prior to the date first above written, (B) all liabilities of Assignor arising or accruing under the Lease prior to the date first above written, and (C) breach by Assignor of any of the representations and warranties set forth in this Assignment, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignee in connection with any action, suit, proceeding, demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(a).

(b) Assignee hereby agrees to indemnify and hold Assignor harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignor in connection with (A) obligations and responsibilities required to be performed by Assignee under the Lease and relating to any period from and after the date first above written, and (B) all liabilities of Assignee arising and accruing under the Lease from and after the date first above written, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignor in connection with any action, suit, proceeding, demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(b).

6. Guaranty. Upon execution of this Assignment, Guarantor hereby acknowledges and agrees that, in accordance with the terms of the Lease and as set forth in the Modification Agreement, it shall continue to remain liable for the performance of all obligations under the Lease arising or accruing on or before February 28, 2005 (the "Release Date"), the date on which the original term of the Lease was schedule to expire, including but not limited to the payment of all Rent and other sums due to Assignee if Tenant fails to make any such payment when due. Guarantor hereby acknowledges and recognizes Assignee as the landlord under the Lease.

7. Binding Effect. This Assignment shall not be effective and binding unless and until fully executed by each of the parties hereto and delivered. All of the covenants contained in this Assignment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, and permitted successors and assigns.

8. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be an original, but all of which shall constitute one and the same Assignment. Faxed signatures shall have the same binding effect as original signatures, and a faxed Assignment containing the signatures (original or faxed) of the parties shall be binding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

ASSIGNOR:

EASTPARK GROUP II, L.L.C.,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By:

Hugh D. Little, General Partner

[SIGNATURES CONTINUE ON NEXT PAGE]

**[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION
OF LEASE AGREEMENT]**

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

ASSIGNEE:

**GLADSTONE COMMERCIAL LIMITED
PARTNERSHIP**, a Delaware limited partnership,

By: Gladstone Commercial Corporation, its general partner

By: _____

Name: _____

Title: _____

**[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION
OF LEASE AGREEMENT]**

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

GUARANTOR:

ABB INC., a Delaware corporation

By: _____

Name: _____

Title: _____

**[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION
OF LEASE AGREEMENT]**

Ex. 6.1(h)(3)-Page 6

EXHIBIT 6.1(h)(3)

FORM OF AMENDED AND RESTATED MEMORANDUM OF LEASE

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
)
)
)
)
)
)

The Above Space for County Recorder's use only

AMENDED AND RESTATED MEMORANDUM OF LEASE

THIS **AMENDED AND RESTATED MEMORANDUM OF LEASE** (the "Memorandum of Lease") is made as of December __, 2003, by and between [GCC SINGLE ASSET ENTITY], a Delaware limited liability company ("Landlord"), and ELSTER ELECTRICITY, LLC, a Delaware limited liability company ("Tenant").

W I T N E S S E T H:

WHEREAS, ABB Inc., a Delaware corporation, formerly known as both ABB Automation, Inc. and ABB Power T&D Company, as tenant ("Original Tenant") and Eastpark Group, II, L.L.C., a North Carolina limited liability company ("Original Landlord") entered into a certain Lease Agreement dated May 6, 1997 (as subsequently modified and assigned, the "Lease"), pursuant to which Original Landlord leased to Original Tenant certain property containing approximately 58,926 rentable square feet of flex space at the building located at 208 South Rogers Lane, Raleigh, North Carolina 27610, as more particularly described on the attached Exhibit A (the "Property");

WHEREAS, Original Landlord, Original Tenant and Tenant entered into that certain Lease Assignment, Assumption and Modification Agreement (the "Modification Agreement") dated as of May 1, 2003, pursuant to which Original Tenant assigned all of its right, title and interest in and to the Lease to Tenant;

WHEREAS, Original Landlord assigned all of its right, title and interest in and to the Lease to Landlord pursuant to that certain Assignment and Assumption of Lease Agreement dated as of December __, 2003; and

WHEREAS, Landlord and Tenant wish to set forth certain terms and provisions contained in the Lease and record this Memorandum of Lease to give notice to third parties of the existence of the Lease and Tenant's interest thereunder.

NOW THEREFORE, Landlord and Tenant hereby agree as follows:

- C. Landlord and Tenant hereby acknowledge and memorialize the demise and lease of the Property pursuant to the Lease during the term set forth in Paragraph 2 below. All capitalized terms used herein and not defined shall have the meanings set forth in the Lease.
- D. The Term of the Lease shall expire on July 31, 2010. Tenant has the option to extend the Term for one (1) extension period of five (5) years, creating a final expiration date of July 31, 2015.
- E. In the event of any conflict between the provisions hereof and the provisions of the Lease, the provisions of the Lease shall control.
- F. This Memorandum of Lease shall automatically terminate, without the necessity of the execution of any further document or instrument, upon the date of termination or expiration of the Lease (or of Tenant's right to possession thereunder, whichever occurs first). Although this Memorandum of Lease shall automatically terminate as set forth in the preceding sentence, Tenant, upon the request of Landlord, shall execute and acknowledge a document confirming the termination of this Memorandum of Lease. Should Tenant fail to execute such termination, Landlord is hereby granted a power of attorney for purposes of executing a termination of this Memorandum of Lease.
- G. This Memorandum of Lease may be executed and delivered in any number of counterparts, each of which so executed and delivered will be deemed an original and all of which shall constitute one and the same instrument.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the date first above written.

LANDLORD:

[GCC SINGLE ASSET ENTITY]
a Delaware limited liability company

By: _____,

a _____,

its _____

By: _____

Name: _____

Title: _____

WITNESS/ATTEST:

TENANT:

ELSTER ELECTRICITY, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE OF _____)
)
COUNTY OF _____)

ss:

On ___, 2003, before me, ___, Notary Public, personally appeared ___, personally known to me (or proved to me on the basis of satisfactory evidence) to be the ___ of ___, a ___, as ___ of [GCC SINGLE ASSET ENTITY], a Delaware limited liability company, the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(Notary Signature)

(Seal)

STATE OF _____)
)
COUNTY OF _____) ss:

On ___, 2003, before me, ___, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the ___ of ___, a ___, as ___ of ___, a ___, the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(Notary Signature)

(Seal)

EXHIBIT "A"

Legal Description of Property

EXHIBIT 11.1(c)

DEED

Excise Tax \$ _____

Recording Time, Book and Page

Tax Lot No. _____ Parcel Identifier No. _____
Verified by _____ County on the _____ day of _____, 20
by _____

Mail after recording to

This instrument was prepared by **ELLIS & WINTERS LLP, P. O. Box 33550, Raleigh, NC 27636 (MGW)**

Brief Description for the index _____

NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED made **this** _____ **day of** _____, **2003**, by and between

GRANTOR

GRANTEE

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of __, __ Township, __ County, North Carolina and more particularly described as follows:

The property hereinabove described was acquired by Grantor by instrument recorded in **Book __, Page __, Wake County Registry.**

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

See attached Exhibit A.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

EASTPARK GROUP II, L.L.C.,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By: _____
Hugh D. Little, General Partner

STATE OF _____
County .of _____

I, __, a Notary Public of the County and State aforesaid, certify that __, personally appeared before me this day and acknowledged that he is a General Manager __, LLC, a __ limited liability company, and further acknowledged the due execution of the foregoing instrument. Witness my hand and official stamp or seal, this _____ day of __, 2003.

My commission expires: _____

Notary Public

EXHIBIT 11.1(d)

FIRPTA CERTIFICATE

Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person or entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by Eastpark Group II, LLC (the "Company"), the undersigned hereby certifies the following on behalf of the Company:

1. The Company is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Company's U.S. Employer identification number is ___; and

3. The Company's office address is:

1100 Crescent Green, Suite 115
Cary, North Carolina 27511

The undersigned, as ___ of the Company, understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, the undersigned, as ___ of the Company, declares that the undersigned has examined this certification and that, to the best of the undersigned's knowledge and belief, it is true, correct and complete, and the undersigned further declares that the undersigned has authority to sign this document on behalf of the Company.

EASTPARK GROUP II, L.L.C., a North Carolina
limited liability company

By: Capital Associates Limited Partnership, a
North Carolina limited partnership, Manager

By: _____

Hugh D. Little, General Partner

EXHIBIT 11.1(e)

OWNER'S CERTIFICATE RE: REPRESENTATIONS AND WARRANTIES

THIS OWNER'S CERTIFICATE (this "**Certificate**"), is made as of ____, 200__, by Eastpark Group II, LLC, a North Carolina limited liability company, having an address at 1100 Crescent Green, Suite 115, Cary, North Carolina 27511 ("**Owner**"), to Gladstone Commercial Limited Partnership, a Delaware limited liability company (the "**Company**"), having an address at ____, in connection with the sale of certain land and improvements located at ____, as further identified on Exhibit A attached hereto (collectively, the "**Property**").

WITNESSETH:

WHEREAS, Owner and [Gladstone Commercial Corporation ("**GCC**")], an affiliate of the Company, entered into that certain Purchase Agreement dated as of ____, 200__ (the "**Agreement**"), for the sale of the Property.

[WHEREAS, GCC assigned all of its rights and interests in and to the Agreement to the Company by that certain Assignment and Assumption of Purchase Agreement dated as of ____, 200__.]

WHEREAS, Section 5.1 of the Agreement requires the delivery of this Certificate.

NOW THEREFORE, Owner does hereby certify to the Company that, in accordance with Section 5.1 of the Agreement, each of the representations and warranties of Owner as and to the extent contained in the Agreement are true and correct as of the date hereof, except to the extent written notice was provided pursuant to Section 5.1 of the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first set forth above.

WITNESS:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBITS:

Exhibit A – Legal Description

OWNER:

EASTPARK GROUP II, LLC,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By: _____
Hugh D. Little, General Partner

THE COMPANY:

GLADSTONE COMMERCIAL LIMITED PARTNERSHIP
a Delaware limited partnership

By: Gladstone Commercial Corporation,
its general partner

By: _____
Name: _____
Title: _____

LEASE AGREEMENT

By and between

EASTPARK GROUP II L.L.C.

LESSOR

AND

ABB POWER T&D COMPANY INC

LESSEE

Dated as of May 6, 1997

(C) 1997 Capital Associates. All rights reserved.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into on this

6th day of MAY , 1997 by and between Eastpark Group II, L.L.C., a North Carolina limited liability company ("Lessor"), and ABB Power T&D Company Inc., a Delaware Corporation ("Lessee"), on the terms and conditions set forth below.

ARTICLE 1
LEASED PREMISES

1.01 Leased Premises. Lessor leases to Lessee and Lessee leases from Lessor the space (the "Leased Premises") set forth in Subsections (a) and (b) of the Basic Lease Provisions below and shown on the schematic plan(s) attached hereto as Exhibit A-1 upon the terms and conditions set forth in this Lease. The building in which the Leased Premises are located, the land on which the building is located (described ON EXHIBIT A-2 attached hereto), the parking facilities and all improvements and appurtenances to the building are collectively referred to as the "Building". The Building and any larger complex of which the Building is a part are collectively referred to as the "Project".

ARTICLE 2
BASIC LEASE PROVISIONS

2.01 Basic Lease Provisions. The following provisions set forth various basic terms of this Lease and are sometimes referred to as the "Basic Lease Provisions".

<TABLE>			<C>
<S>	(a)	Building Name:	Rogers 2
		Address:	____ South Rogers Lane (address to be verified) Raleigh, North Carolina 27610
	(b)	Floor(s) Rentable Area:	Ground 58,926 square feet
	(c)	Total Rentable Area of Building:	58,926 square feet
	(d)	Monthly Base Rent:	\$35,583.33/Month (Months 1-7) \$41,935.67/Month (Months 8-12) \$43,193.74/Month (Months 13-24) \$44,489.55/Month (Months 25-36) \$45,824.24/Month (Months 37-48) \$47,198.97/Month (Months 49-60) \$48,614.94/Month (Months 61-72) \$50,073.38/Month (Months 73-84) \$51,575.59/Month (Months 85-86)
	(e)	Parking Monthly Rent per Parking Space:	280 spaces (minimum) \$0.00
	(f)	Term:	Seven (7) Years and Two (2) Months
		Target Commencement Date:	December 15, 1997
		Target Expiration Date:	February 28, 2005
</TABLE>			

(See EXHIBIT B. for confirmation of the actual Commencement Date and Expiration Date of this Lease.)

(h) Security Deposit	None
(i) Permitted Use:	Any lawful purpose including, but not limited to office, light manufacturing and distribution
(j) Addresses for notices and other communications under this Lease:	
Lessor:	Lessee:
Eastpark Group II, L.L.C. c/o Capital Associates 1100 Crescent Green, Suite 115 Cary, NC275H ATTN: Thomas R. Huff	ABB Power T&D Company Inc. 201 South Rogers Lane Raleigh, NC 27610 ATTN: Controller's Dept. With a copy to: ABB Power T&D Company Inc. 1021 Main Campus Drive

Raleigh, NC 27606 - ATTN;
Legal Dept.

(k) Lessee's Broker: Commercial Carolina Corporation

ARTICLE 3
TERM AND POSSESSION

3.01 TERM. This Lease shall be and continue in full force and effect for the term set forth in Subsection 2.01(f). Subject to the remaining provisions of this Article, the Term shall commence on the Target Commencement Date shown in Subsection 2.01 (g) and shall expire, without notice to Lessee, on the Target Expiration Date shown in Subsection 2.01(g); Such term, as it may be modified, renewed and extended, is herein called the "Term".

3.02 COMMENCEMENT. Subject to Section 3 .03. hereof, if on the Target Commencement Date any of the work described in EXHIBIT C that is required to be performed by Lessor at Lessor's expense to prepare the Leased Premises for occupancy has not been substantially completed, or if Lessor is unable to tender possession of the Leased Premises to Lessee on the specified date due to any other reason beyond the reasonable control of Lessor, the hereinafter defined Commencement Date (and commencement of installments of Base Rent) shall be postponed until the work to be performed in the Leased Premises at Lessor's expense is substantially completed, and the postponement shall operate to extend the Expiration Date in order to give full effect to the stated duration of the Term. Except as otherwise provided in item 10 in Exhibit C the deferment of installments of Base Rent shall be Lessee's exclusive remedy for post ponement of the Commencement Date, and Lessee shall have no, and waives any, claim against Lessor because of any such delay. If requested in writing by Lessee, Lessor shall provide a certificate of substantial completion from Lessor's architect and a certificate of occupancy from the City of Raleigh for the Leased Premises, effective as of the Commencement Date.

3.03 LESSEE'S DELAY. No delay in the completion of the Leased Premises resulting from delay or failure on the part of Lessee in furnishing information or other matters required in EXHIBIT .C. and no delay resulting from the completion of work, if .any, that is to be performed at Lessee's expense pursuant to EXHIBIT C shall delay the Commencement Date, Expiration Date or commencement of payment of Rent (as defined in Subsection 4.02 below).

3.04 LESSEE'S POSSESSION. Subject to Section 7 OF EXHIBIT C attached hereto, if, prior to the Commencement Date, Lessee shall enter into possession of all or any part of the Leased Premises, the Term, the payment of monthly installments of Base Rent and all other obligations of Lessee to be performed during the Term shall commence on, and the Commencement Date shall be deemed to be, the date of such entry; provided, no such early entry shall operate to change the Expiration Date. Lessor and Lessee hereby agree that Lessee's entry onto the Leased Premises and its commencement of work thereon, shall not constitute possession under this Section 3,04.

3.05 CONFIRMATION OF DATES. The actual commencement date ("Commencement Date") and actual expiration date ("Expiration Date") shall be confirmed by Lessee by execution of the Acceptance of Leased Premises Memorandum attached hereto as EXHIBIT B.

3.06 HOLDOVER. If Lessee shall remain in possession of the Leased Premises after the expiration or earlier termination of this Lease, Lessee shall be deemed a tenant-at-sufferance, terminable at any time on one (1) day's notice, and shall pay daily rent at 150% of the per day Rent payable with respect to the last full calendar month immediately prior to the end of the Term or termination of this Lease, but otherwise shall be subject to all of the obligations of Lessee under this Lease. Additionally, Lessee shall pay to Lessor all damages (including consequential damages) sustained by Lessor as a result of the holding over by Lessee.

ARTICLE 4
RENT AND SECURITY DEPOSIT

4.01 BASE RENT. Lessee agrees to pay to Lessor rent ("Base Rent") throughout the Term in the amount of the Monthly Base Rent set forth in Subsection 2.01 (d) subject to adjustment as provided in this Lease. Monthly Base Rent shall be payable in the amount set forth in Subsection 2.01(d) ("Monthly Base Rent") in advance and without demand, on the first day of each calendar month during the Term. If the Commencement Date is not the first day of a month, Lessee shall be required to pay on the Commencement Date a pro rata portion of the MontUy Base Rent for the first partial month of the Term.

4.02 PAYMENT OF -RENT. As used in this Lease, "Rent" shall mean the Base Rent, Additional Rent (defined below) and all other amounts required to be paid by Lessee in this Lease. The Rent shall be paid at the times and in the amounts provided herein in legal tender of the United States of America to Lessor at its address specified in Subsection 2.01(j) above, or to such other person or at such other address as Lessor may from time to time designate in writing. The Rent shall be paid without notice, demand, abatement, deduction or offset except as may be expressly set forth in this Lease,

4.03 INTENTIONALLY DELETED.

4.04 INTENTIONALLY DELETED. .

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4.05 INTENTIONALLY DELETED. .

4.06 NET LEASE. It Is the intention of Lessor and Lessee that, except for the costs and expenses specifically provided for herein to the contrary, all costs, expenses and obligations of every kind relating directly or indirectly in any way, foreseen or unforeseen, to Lessee's use, occupancy, possession, maintenance, repair and replacement of the Leased Premises, or any part thereof, which may arise or become due the Term be paid by Lessee and that Lessor shall be indemnified by Lessee therefrom. Notwithstanding the foregoing, Lessor shall pay all expenses for structural repair of the roof deck, exterior walls, structural steel, floor slab, foundations, utility services from the right-of-way to the building exterior, and paving that do not constitute Lessee's repairs and maintenance obligations pursuant to Section 7.02 and are not covered by warranty as more specifically described In Section 8 of Exhibit C attached hereto, excluding any structural repairs for damage caused by Lessee, Its agents, contractors or employees or resulting from Information or specifications provided by Lessee to Lessor or Lessor's agents, contractors or employees (hereinafter collectively referred to In this Lease as "Extraordinary Structural Expense Items").

4.07 INTENTIONALLY DELETED.

4.08 LATE CHARGE, If Lessee fails or refuses to pay any installment of Rent within five (5) business days after its due date, Lessor, at Lessor's option, shall be entitled to collect a late charge of five percent (5%) of the amount of the late payment to compensate Lessor for the additional expense Involved in handling delinquent payments and not as interest. If the payment of a late charge required by this Section Is found to constitute interest notwithstanding the contrary intention of Lessor and Lessee, the late charge shall be limited to the maximum amount of Interest that lawfully may be collected by Lessor under applicable law, and if any payment is determined to exceed such lawful amount, the excess shall be applied to any unpaid Rent then due and payable hereunder and/or credited against the next succeeding installment of Rent payable hereunder. If all Rent payable hereunder has been paid In full, any excess shall be refunded to Lessee. Lessee shall reimburse Lessor for any processing fees charged to Lessor and paid by Lessor as a result of Lessee's checks having been returned for Insufficient funds. This provision shall not be deemed to condone the late payment of any monetary obligations, and shall not be construed as giving Lessee an option to pay late by paying the late charge. Instead, all funds are due at the times specified in this Lease without any grace period.

ARTICLE 5

SERVICES

5.01 SERVICES. From and after the Commencement Date, Lessee covenants and agrees to pay or cause to be paid directly to the supplier all rents, charges and rates for all utility services related to Lessee's use of the Leased Premises, including, without limitation, gas, electricity, water, sewer, telephone and the like, Including all utilities necessary for heating and air conditioning the Leased Premises. If Lessee fails to pay any utility bills when due, Lessor shall have the right, after giving Lessee twenty. (20) days written notice of Its failure to pay such utility bills, to thereafter pay such delinquent utility bills. Lessee shall reimburse Lessor, within twenty (20) days of receipt of Lessor's invoice, for the amount of such delinquent utility bills paid by Lessor together with interest on the sums advanced at the rate of the lesser of fourteen percent (14%) (but not less than the prime interest rate plus two (2) percent) per annum or the highest rate allowed by applicable law. Such sums shall be added to the Rent next due hereunder and shall become Additional Rent for the purposes hereof.

.5.02 INTERRUPTION OF SERVICES, Except as may be caused by the negligence of Lessor or Lessor's contractors, Lessor shall have no liability to Lessee for disruption, Interruption or curtailment, of any utility service to the Leased Premises, whether or not furnished by Lessor, and in no event shall such disruption, interruption or curtailment constitute constructive eviction or entitle Lessee to an abatement of rent or other charges, Notwithstanding anything to the contrary contained herein, If such services are interrupted and require repair of Extraordinary Structural Expense Items as set forth in Section 4.06, then Lessor shall commence and complete repair of such Items with due diligence after notification by Lessee, even if such notice occurs after normal business hours. If Lessor fails to commence and complete repairs with due diligence, then Lessee may make any necessary repairs to such Extraordinary Structural Expense Items and Lessor shall reimburse Lessee for all actual reasonable expenses.

5.03 ADDITIONAL CHARGES. In the event that any charge or fee Is required after the Commencement Date by either the City of Raleigh or the State of North Carolina, or by any agency, subdivision or instrumentality thereof, or by any utility company furnishing services or utilities to the Leased Premises, as a condition precedent to furnishing or continuing to furnish utilities or services to the Leased Premises, such charge or fee shall be deemed to be a utility charge payable by Lessee. The provisions of this shall include, but not be limited to, any charges or fees for present or future water or sewer capacity to serve the Leased Premises, any charges for the underground installation of gas or other utilities or services, and other charges relating to the extension of or change In the facilities necessary to provide the Leased Premises with adequate utility services. In the event that Lessor has paid any such charge or fee after the Commencement Date, Lessee shall reimburse Lessor for such utility charge with the payment thereof to be Additional Rent for purposes hereof. Lessor hereby represents and warrants that, to Its knowledge as of the date hereof, It Is not aware that the City of Raleigh or the State of North Carolina, or any agency, subdivision or instrumentality thereof-or any utility company furnishing utilities or services to the Leased Premises Is contemplating such a charge or fee. Lessee shall pay a pro rata share of all charges or fees for items which are capital In nature. Such share shall be determined by dividing the number of years remaining in the Term, including any extensions or renewals already exercised by Lessee, by the remaining years of useful life of the Building, which the parties be twenty (20) years from the Commencement Date. If any such pro rata share is paid by Lessee prior to Lessee's exercise of any renewal hereunder and Lessee thereafter elects to renew the Lease, Lessee shall pay or reimburse Lessor for an additional pro rata of all charges or fees for items which are capital in nature at the time of Lessee's election based upon the number of years in the renewal term and determined as otherwise set forth in this Notwithstanding the foregoing, Lessee shall pay all charges or fees for capital Items which are required because of the nature of Lessee's use of the Leased Premises.

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Notwithstanding anything to the contrary, Lessor is obligated to provide water, sewer, gas, and electric services on the Commencement Date adequate to satisfy the requirements of the Work Letter Agreement in Exhibit C: provided however, Lessee shall pay all costs, including any security deposits, associated with transferring utility services from Lessor or Lessor's contractor to Lessee,

5.04 SEWER EASEMENT. Lessee hereby acknowledges that the City of Raleigh owns a sewer easement adjacent to the Building and that additional sewer lines may be installed during the Term. Lessor shall pay air costs not paid by the City of Raleigh, if any, to restore the property to its original condition after completion of such installation. Furthermore, Lessor and Lessee shall use their best efforts to cooperate with each other and with the City of Raleigh in order to coordinate the installation of the sewer lines in such a way as to minimize any damage or disruption of Lessee's business. However, Lessor shall have no liability to Lessee for any damage or disruption of its business as a result of the installation of additional sewer lines, and in no event shall any such damage or disruption constitute constructive eviction or entitle Lessee to an abatement of Rent or other charges. Lessor hereby represents and warrants that, to its knowledge, as of the date hereof, there are no other sanitary sewer easements other than the sanitary sewer easement shown on Exhibit A-2. which is incorporated herein by reference in its entirety.

ARTICLE 6

USE AND OCCUPANCY

6.01 USE. The Leased Premises are to be used and occupied by Lessee (and its permitted assignees and subtenants) solely for the purpose specified in Subsection 2.01(i) and for no other purpose. Lessee agrees not to occupy or use, or permit any portion of the Leased Premises to be occupied or used for any business or purpose which is unlawful, disreputable or deemed to be

extra-hazardous. Lessee further agrees to conduct its business and control its agents, employees, invitees and visitors in such manner as not to create any nuisance, or interfere with, annoy or disturb any adjoining owner, tenant, or Lessor in its operation of the Building. Lessor acknowledges that Lessee is a manufacturing company.

6.02 CARE OF THE LEASED PREMISES, (a) Lessee shall not commit or allow to be committed any waste or damage to any portion of the Leased Premises or the Building nor permit or suffer any overloading of the floors or other use of the improvements that would place an undue stress on the same or any portion thereof beyond that for which the same was designed, and, at the termination of this Lease, by lapse of time or otherwise, Lessee shall deliver up the Leased Premises to Lessor in as a good condition as existed on the date of possession by Lessee, ordinary wear and tear excepted. Upon such termination of this Lease, Lessor shall have the right to re-enter and resume possession of the Leased Premises.

(b) Lessee covenants not to use, suffer or permit the Leased Premises, or any portion thereof, to be used by Lessee, any third party or the public in such manner as might reasonably tend to impair Lessor's title to the Leased Premises, or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or third persons, or of implied dedication of the Leased Premises, or any portion thereof. Lessee shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Lessor in the Leased Premises for any claim in favor of any person dealing with Lessee including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the interest of Lessee in the Leased Premises. Lessee covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed; or materials furnished in connection with any work performed as authorized by or on behalf of Lessee on the Leased Premises and that it will save and hold Lessor harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the Leased Premises or Lessee's interest therein or against the rights, titles and interests of the Lessor in the Leased Premises or under the terms of this Lease,

6.03 ENTRY FOR REPAIRS AND INSPECTION. Lessee shall permit Lessor and its contractors, agents and representatives to enter into and upon any part of the Leased Premises at all reasonable hours to inspect the same or show the same to prospective tenants or purchasers, and for any other purpose as Lessor may deem necessary or desirable. Lessee shall not be entitled to any abatement or reduction of Rent by reason of any such entry. Notwithstanding the foregoing, Lessee has the right to exclude any competitor of Lessee from Lessee's manufacturing and assembly process within the Leased Premises. In addition, Lessor agrees that Lessor will not knowingly permit photographs or videos to be taken of Lessee's manufacturing and assembly process within the Leased Premises without Lessee's prior written approval, such approval not to be unreasonably withheld. Photographs taken of the exterior of the Building and any generic areas inside of the Leased Premises shall not be a violation of the foregoing provision.

6.04 COMPLIANCE WITH LAWS. Except as herein below set forth regarding compliance of the physical structure of the Building with the applicable requirements of the Americans with Disabilities Act and the implementing regulations (the "ADA"), Lessee shall comply with and Lessee shall cause its visitors, employees, contractors, agents and invitees to comply with, all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Leased Premises, including, without limitation, all local, state and federal environmental laws. With regard to the physical structure of the Building, Lessor agrees to use good faith and due diligence to undertake those actions that are "readily achievable" (as such term is defined in the ADA) in order to attempt to bring the physical structure of the Building into compliance with the applicable requirements of the ADA in effect as of the Commencement Date, unless the Building's failure to be in compliance with the applicable requirements of the ADA is due to information or specifications supplied by Lessee in the Technical Data or otherwise, in which event, Lessee shall pay the cost of bringing the physical structure of the Building into compliance with the applicable requirements of the ADA, but only to the extent that such Lessee-supplied Technical Data has caused the Building to be in non-compliance. If it is determined that for any reason, other than any act or omission of Lessee, Lessor shall have failed to cause the physical structure of the Building to have been brought into compliance with the ADA as of the Commencement Date (to not less than the minimum applicable standards required under applicable regulations then in effect), then Lessor, as its sole obligation, will take the action(s) necessary to cause the physical structure of the Building to so comply, and Lessee acknowledges and agrees that Lessor has

and shall have no other obligation or liability whatsoever to Lessee, or to anyone claiming by or through Lessee regarding any failure of the Leased Premises or the activities therein to comply with the applicable requirements of the ADA, Following the Commencement Date, if new laws and/or regulations or subsequent interpretation or re-interpretation of existing laws and/or regulations results in the failure of the physical structure of the building exterior to comply with applicable provisions of the ADA, then Lessee shall be obligated to pay a pro rata share of the cost of bringing the physical structure of the building exterior into such compliance. Such share shall be determined by dividing the number of years remaining in the Term, including any extensions or renewals already exercised by Lessee, by the remaining years of useful life of the Building, which the parties agree shall be twenty (20) years from the Commencement Date. If any such pro rata share is paid by Lessee prior to Lessee's exercise of any renewal option hereunder and Lessee thereafter elects to renew the Lease, Lessee shall pay or reimburse Lessor for an additional pro rata share of all charges or fees for items which are capital in nature at the time of Lessee's election based upon the number of years in the renewal term and determined as otherwise set forth in this Section 6.04. Following the Commencement Date, Lessor shall have no obligation with regard to the failure of the building interior to comply with applicable provisions of the ADA due to subsequent new laws and/or regulations or interpretation or re-interpretation of existing laws and/or regulations.

6.05 INTENTIONALLY DELETED

6.06 PEACEFUL ENJOYMENT. Lessor covenants that Lessee shall and may peacefully have, hold and enjoy the Leased Premises, subject to the terms of this Lease, provided Lessee pays the Rent and other sums required to be paid by Lessee and performs all of Lessee's covenants and agreements herein contained. It is understood and agreed that this covenant shall be binding upon Lessor and its successors only with respect to breaches occurring during its and their respective ownership of Lessor's interest in the Building. Lessor shall not be responsible for the acts or omissions of any third party that may interfere with Lessee's use and enjoyment of the Leased Premises.'

ARTICLE 7
ALTERATIONS AND REPAIRS

7.01 ALTERATIONS. Lessee shall make no material alterations, installations, additions or improvements to the Leased Premises without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed. For purposes of this Section 7.01, a material alteration, installation, addition or improvement to the Leased Premises would include, without limitation, any exterior alteration; any demolition or construction of interior millwork, partitions, doors or ceilings; or any modification of plumbing, fire protection, HVAC or electrical systems. For purposes of this Section 7.01, a material alteration, installation, addition or improvement to the Leased Premises would not include, among other things, adding communication outlets, shifting lay-in light fixtures, repainting walls and frames (but not doors), and installing wallcovering. All such work shall be designed and made in a manner satisfactory to Lessor. All alterations, installations, additions and improvements (including, without limitation, paneling, partitions, millwork and fixtures; but excluding Lessee's furniture and equipment, telephone and public address equipment, master clock and security equipment, and similar equipment special to Lessee which costs were paid for or reimbursed by Lessee) made by or for Lessee to the Leased Premises shall remain upon and be surrendered with the Leased Premises and become the property of Lessor at the expiration or termination of this Lease or the termination of Lessee's right to possession of the Leased Premises; provided, Lessor may require Lessee to remove any or all of such alterations or Extra Work, as defined in EXHIBIT C upon the expiration or termination of this Lease or the termination of Lessee's right to possession of the Leased Premises in order to restore the Leased Premises to a condition consistent with the original Technical Data, as defined in EXHIBIT C. Lessee shall bear the costs of removal of any alterations or Extra Work required to be removed by Lessor or of Lessee's property from the Leased Premises and of all resulting repairs to the Leased Premises. All of such alterations, Extra Work and property shall be removed by the Expiration Date. All work performed by Lessee with respect to the Leased Premises shall: (a) not alter the exterior appearance of the Building or adversely affect the structure, safety, systems or services of the Building; (b) comply with all Building safety, fire and other codes and governmental and insurance requirements; (c) be completed promptly and in a good and workmanlike manner; (d) be performed, using Lessee's best efforts, in such a manner that does not cause interference or disharmony with any labor used by Lessor, Lessor's contractors or mechanics or by any other tenant or such other tenant's contractors or mechanics; and (e) not cause any mechanic's, materialman's or other similar liens to attach to Lessee's leasehold estate. Lessee shall not permit, or be authorized to permit, any liens (valid or alleged) or other claims to be asserted against Lessor or Lessor's rights, estates and interests with respect to the Building or this Lease in connection with any work done by or on behalf of Lessee, and Lessee shall indemnify and hold Lessor harmless against any such liens.

7.02 REPAIRS AND MAINTENANCE BY LESSEE. Lessee, at its sole cost and expense, throughout the term of this Lease, covenants and agrees to take good

care of the Leased Premises, and shall keep the same in good order, condition and repair, and irrespective of such agreement to repair, shall make and perform all routine maintenance thereof and all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description, excluding repairs for Extraordinary Structural Expense Items as set forth in Section 4.06. Further, Lessee shall keep the Leased Premises safe for human occupancy and use. When used in this Subsection 7.02. "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments, and Lessee's repair and maintenance obligations shall include, without limitation, mulching, watering, fertilizing, cutting, pruning and replacing landscaping; caulking joints at concrete tilt-wall panels, soffits, fascias and storefront door and window frames; painting concrete tilt-wall panels and steel bollards, stairs, doors and frames; cleaning doors and windows; cleaning, caulking, patching, sealing, and striping of sidewalks and paving (to the extent that paving failure is not due primarily to failure of the subgrade); and patching and repair of the roof membrane and flashing. Lessee's duty to maintain the heating and air conditioning systems shall specifically include the duty to inspect such systems, replace filters as recommended and to perform other recommended periodic servicing. Lessee shall be solely responsible for any janitorial service to the Lease Premises. All repairs made by Lessee shall be at least equal in quality and cost to the original work and shall be made by Lessee in accordance with all laws, ordinances and regulations, whether heretofore or hereafter enacted. The necessity for or adequacy of maintenance and

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repairs shall be measured by the standards which are appropriate for Improvements of similar construction and class, provided that Lessee shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Leased Premises. Lessee's obligations hereunder are subject to the terms of Section 8 of EXHIBIT C to this Lease, All repairs for Extraordinary Structural Expense Items, as set forth in Section 4.06, shall be made by Lessor or at Lessor's expense in a timely manner. In addition, Lessor will give Lessee reasonable advance written notice of any repair or replacement which may materially interfere with Lessee's business activities in the Leased Premises and shall work with Lessee to schedule same in a manner designed to minimize any such Interference.

7.03 MAINTENANCE/SERVICE CONTRACT. Lessee; at its own cost and expense, covenants and agrees to enter into regularly scheduled preventive maintenance/service contracts with maintenance contractors for servicing all heating and air conditioning systems, fire alarm systems, and fire sprinkler systems. Each maintenance contractor and contract must be approved in advance by Lessor, such approval not to be unreasonably withheld and given within ten (10) business days following Lessee's written request. The service contract must (i) Include all services suggested by the equipment manufacturer within the operation/maintenance manual; (ii) become effective (and a copy thereof delivered to Lessor) within thirty (30) days of the date Lessee takes possession of the Leased Premises; and (iii) provide that in the event this Lease expires or is earlier terminated for any reason whatsoever that said contract shall be immediately terminable by Lessor or Lessee without any cost, expense or other liability on the part of Lessor.

7.04 LESSEE'S WAIVER OF CLAIMS AGAINST LESSOR. Except for Extraordinary Structural Expense Items as set forth in Section 4.06 and ADA expenses as set forth in Section 6.04, Lessor shall not be required to furnish any services or facilities or to make any repairs or alterations in, about or to the Leased Premises or any improvements hereafter erected thereon; provided, however, that if it is determined that the Leased Premises materially violates any rule, code or ordinance of any federal, state or local government having proper jurisdiction over the Leased Premises that was in effect as of the Commencement Date, Lessor shall be solely responsible for all costs associated with any alteration or modification to the Leased Premises that causes the Leased Premises to be in compliance with such rule, code or ordinance. Lessee hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance management of the Leased Premises and all Improvements hereafter erected thereon, and Lessee hereby waives any rights created by any law now or hereafter in force to make repairs to the Leased Premises or Improvements hereafter erected thereon at Lessor's expense.

7.05 LESSOR'S RIGHT TO EFFECT REPAIRS, If Lessee should fail to perform any of its obligations under this Lease, then Lessor may, if it so elects, in addition to any other remedies provided herein, effect such repairs and maintenance, upon ten (10) days prior written notice to Lessee, during which period Lessee shall have the right to cure any such failure. Any expended by

Lessor in effecting such repairs and maintenance shall be due and payable, on demand, supported by documentation verifying actual costs, together with an additional charge of fifteen percent (15%).

ARTICLE 8

CONDEMNATION, CASUALTY, INSURANCE AND INDEMNITY

8.01 CONDEMNATION. If all or substantially all of the Leased Premises is taken by virtue of eminent domain or for any public or quasi-public use or purpose, this Lease shall terminate on the date the condemning authority takes possession. If only a part of the Leased Premises is so taken, this Lease shall, at the election of Lessor, either (i) terminate on the date the condemning authority takes possession by giving notice thereof to Lessee within thirty (30) days after the date of such taking of possession or (ii) continue in full force and effect as to that part of the Leased Premises not so taken and Base Rent with respect to any portion of the Leased Premises or condemned shall be reduced or abated on a square footage of net rentable area basis. Each party shall have the right to pursue any condemnation award attributable to that party. Lessee shall have no, and waives any, claim against Lessor for the value of any unexpired term.

8.02 DAMAGES FROM CERTAIN CAUSES. Lessor shall not be liable or responsible to Lessee for any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, Injunction, riot, strike, insurrection, war, court order, requisition order of governmental body or authority, or any cause beyond Lessor's control, or for any damage or inconvenience which may arise through repair or alteration of any part of the Building.

8.03 FIRE CLAUSE. Lessee covenants and agrees that, in case of damage to or destruction of any of the improvements in, on or about the Leased Premises after the Commencement Date of this Lease, by fire or otherwise, it shall, at its sole cost and expense, promptly restore, repair, replace and rebuild the same as nearly as possible to the condition that the same were in immediately prior to such damage or destruction with such changes or alterations (made in conformity with Article 7 hereof) as may be reasonably acceptable to Lessor or required by law. Lessee shall forthwith give Lessor written notice, of such damage or destruction upon the occurrence thereof and shall specify in such notice, in reasonable detail, the extent thereof. Such restoration, repairs, replacements, rebuilding, changes and alterations, including the cost of temporary repairs or the protection of the Leased Premises, or any portion thereof, pending completion thereof are sometimes hereinafter referred to as the "Restoration". If the net amount of the insurance proceeds (after deduction of all costs, expenses and fees related to recovery of the insurance proceeds) recovered and held by Lessor is reasonably deemed insufficient by Lessor to complete the Restoration (exclusive of Lessee's personal property and trade fixtures which shall be restored, repaired, or rebuilt out of Lessee's separate funds), Lessee shall, upon Lessor's written request, provide sufficient evidence, in Lessor's sole opinion, of Lessee's ability to pay all remaining amounts necessary for the Restoration and shall thereafter pay such amounts when due. Notwithstanding the foregoing, Lessor may, at its option, elect either to rebuild the Leased Premises at Lessee's expense, or, if all or substantially all of the Leased Premises are destroyed, to terminate this Lease upon sixty (60) days prior written notice to Lessee.

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8.04 INSURANCE POLICIES. Lessee shall maintain (i) policies of insurance covering damage to the Leased Premises and all tenant improvements provided by Lessor or at Lessor's expense in the amount of not less than one hundred percent (100%) of the replacement cost new thereof providing protection against all perils included within the classification of fire and extended coverage, including endorsements for vandalism, malicious mischief, and fire sprinkler leakage; (ii) a policy or policies of comprehensive general liability insurance, such insurance to afford minimum protection (which may be effected by primary and/or excess coverage) of not less than \$3,000,000 for personal injury or death in any one occurrence and of not less than \$1,000,000 for property damage in any one occurrence; and (iii) a policy or policies of loss-of-rent/business interruption insurance covering the full amount of Rent due under this Lease for a period of twelve (12) months from the date of the interruption. Lessee shall maintain standard fire and extended coverage insurance on its leasehold improvements and all other additions and improvements (including fixtures) made by Lessee. All insurance policies, required or elected to be maintained by Lessee shall (a) be issued by and binding upon solvent insurance companies licensed to conduct business in the State of North Carolina

and rating level "A" and Class "XII" or better by A.M. Best, (b) have all premiums fully paid on or before the due dates, (c); name Lessor (and/or any mortgagee, if so notified by Lessor in writing) as an additional insured and loss payee, (d) provide that they shall not be cancelable and/or the coverage thereunder shall not be changed or reduced without at least thirty (30) days advance written notice to Lessor, and (e) include a deductible of not more than \$25,000. Lessee shall deliver to Lessor certified copies of all certificates of insurance in a form satisfactory to Lessor not less than thirty (30) days prior to the Commencement Date or the expiration of current policies. Lessee represents that Lessee has and agrees to maintain throughout the Term an on-site safety officer, who, on a regular basis, schedules and has conducted inspections by a fire marshall.

8.05 HOLD HARMLESS. (a) Lessor shall not be liable to Lessee, its agents, servants, employees, contractors, customers or invitees, for any damage to person or property caused by (i) the Leased Premises or related improvements or appurtenances or any part thereof becoming out of repair or by defect in or failure of pipes of wiring, or by the backing up on drains or by the bursting or leaking of pipes, faucets or plumbing fixtures or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Building unless caused by the negligence of Lessor, its employees, contractors or agents; or (ii) any act, omission or neglect of Lessee, its agents, servants, employees, contractors, customers and invitees or any other persons whatsoever, and Lessee agrees to indemnify and hold harmless Lessor and its partners, members, agents, directors, managers, officers, and employees from all liability and claims for any such damage, including, without limitation, court costs, actual reasonable attorneys' fees and reasonable costs of investigation. Lessor shall indemnify and save Lessee harmless against and from any and all claims, suits, demands, actions, fines, damages and liabilities, and all costs and expenses thereof (including without limitation, actual reasonable attorneys' fees) arising out of injury to persons (including death) or property occurring in, on or about, or arising out of the Leased Premises if caused or occasioned by any acts or omissions on the part of the Lessor, its agents, contractors, employees, invitees or licensees; provided, however, Lessor shall not be liable for any damage arising from acts or omissions of co-tenants or other occupants of the Building or for any unauthorized or criminal acts of third parties.

(b) If either Lessor or Lessee becomes aware of any loss, claim, demand, penalty, fine, damage, response cost, "or liability ("Indemnifying Event") to which it believes it is entitled to indemnification under this Section 8.05 or Section 11.02(i) it shall promptly notify the other party by sending such notice by certified or other controlled mail' to those individuals or entities identified in Section 2.01 (j) The indemnitor shall have sole control over the investigation, defense, remediation, or settlement of any Indemnifying Event so long as the indemnitor acts in good faith with respect to the rights, duties and obligations of the indemnitee; provided, however, in any matter for which the indemnitee may ultimately have full or partial responsibility, the indemnitee may, in its sole discretion, decide to participate in the investigation, defense, remediation or settlement thereof at its own initial expense, subject to the right to seek reimbursement of actual reasonable attorneys and consultants' fees and expenses, court costs, and all other out-of-pocket costs in the event that it is found to be an Indemnifying Event. Such fees, costs and expenses shall be limited to those directly incurred or suffered by the indemnitee to the enforcement of the indemnitee's rights with respect to an accrued Indemnifying Event obligation. Upon reasonable notice, the shall provide the indemnitor or shall be allowed reasonable access to the Leased Premises to perform any obligations under this Section 8.05 or Section 11.02(i).

(c) Without limiting any of the foregoing, under no circumstances shall either party be liable, to the other for any consequential damages (including, but not limited to, loss of business, profits, business opportunities, goodwill, loss of use of the Leased Premises, business interruption, or any cost or expense related thereto) incurred or suffered by Lessor or Lessee under Section 8.05(a) or Section 11.02 (i).

8.06 WAIVER OF SUBROGATION RIGHTS. Anything in this Lease to the contrary notwithstanding, Lessor and Lessee each hereby waives to the extent that such waiver will not invalidate any insurance policy maintained by Lessee, any and all rights of recovery, claims, actions or causes of action, against the other, its agents, servants, partners, members, shareholders, officers, managers and employees, for any loss or damage that may occur to the Leased Premises or the Building, or any improvements thereto, or any personal property of party therein, by reason of fire, the elements, and any other cause which is insured against under the terms of the fire and coverage insurance policies referred to in Section 8.04 hereof, to the extent that such loss or is recovered under said insurance policies, regardless of cause or origin, including negligence of the other party hereto/ its agents, officers, partners, members, managers, shareholders, servants or employees, and covenants that no insurer shall hold any right of subrogation such party. If the respective insurers of Lessor and Lessee do not permit such a waiver without an appropriate endorsement to such party's insurance policy, Lessor and Lessee covenant and agree to notify the insurers of the waiver set- forth herein and to secure from each such insurer an appropriate endorsement to its respective insurance policy concerning such

waiver.

8.07 LIMITATION OF LESSOR'S PERSONAL LIABILITY. Lessee agrees to look solely to Lessor's interest in the Building and the Land for the recovery of any judgment against Lessor, and Lessor, its partners, officers, members, managers, directors and employees, shall never be personally liable for any such judgment. The provisions contained in the foregoing sentence are not intended to, and shall not, limit any right that Lessee might otherwise have to obtain injunctive relief against Lessor or Lessor's successors in interest or any

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suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of liability insurance maintained by Lessor.

ARTICLE 9
LESSOR'S LIEN, DEFAULT, REMEDIES AND SUBORDINATION

9.01 INTENTIONALLY DELETED

9.02 DEFAULT BY LESSEE. If Lessee shall default in the payment of any Rent or other sum to be paid by Lessee under this Lease when due; or Lessee shall default in the performance of any of the other covenants or conditions (including without limitation- maintenance of the Letter of Credit required under Section 9.07) which Lessee is required to observe and to perform under this Lease and such default shall continue for twenty (20) days after written notice to Lessee; or the interest of Lessee under this Lease shall be levied on under execution or other legal process; or any petition shall be filed by or against Lessee to declare Lessee a bankrupt or to delay, reduce or modify Lessee's, debts or obligations; or Lessee is declared insolvent according to law; or any assignment of Lessee's property shall be made for the benefit of creditors; or if a receiver or trustee is appointed for Lessee or its property; or Lessee shall vacate or abandon the Leased Premises or any part thereof at any time during the Term for a period of fifteen (15) or more continuous days, provided, however, that Lessee shall not be considered to have vacated or abandoned the Leased Premises as long as Lessee continues to pay Rent and fulfill all other obligations under this Lease regardless, of whether Lessee is continuously occupying the Leased Premises or not; or Lessee is a corporation and Lessee shall cease to exist as a corporation in good standing in the state of its incorporation; or Lessee is a partnership or other entity and Lessee shall be dissolved or otherwise liquidated; then Lessor may treat the occurrence of any one or more of the foregoing' events as a breach of this- Lease (provided, no such levy, execution, legal process or petition filed Lessee shall constitute a breach of this Lease if Lessee shall contest the same by appropriate proceedings and shall remove or vacate the within sixty (60) days from the date of its creation, service or filing). Thereupon, at Lessor's option and in addition to all other rights and remedies provided at law or in equity, Lessor may terminate this Lease and repossess the Leased Premises and be entitled to recover as damages a sum of money equal to the total of (a) the cost of recovering the Leased Premises (including attorneys' fees and costs of suit), (b) the unpaid Rent earned at the time, of termination, (c) the balance of the Rent for the remainder of the Term, (d) any other sum of money, and damages owed by Lessee to Lessor and interest on (a) (b), (c) and (d) above at the rate of the lesser of fourteen percent (14%) (but not less than the prime interest rate plus 2%) per annum or the highest rate allowed by applicable law. At Lessor's sole option, Lessor or Lessor's lender may invoke payment of said damages, in whole or in part, by drawing down the Letter of Credit required under Section 9.07. The provisions of this Section 9.02 and of Section 9.07 shall survive the expiration or earlier termination of this Lease.

9.03 NON WAIVER. Failure of Lessor to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default and Lessor shall have the right to declare any such default at any time, and take such action as might be lawful or authorized hereunder, either in law or in equity.

9.04 ATTORNEYS' FEES. In the event either party defaults in the performance- of any of the terms, agreements or conditions contained in this Lease and the other party places the enforcement or interpretation of this Lease, or any part thereof, or the collection of any Rent due or to become due hereunder, or recovery of the possession of the. Leased Premises, in the hands of an attorney who files suit upon the same, the non-prevailing party agrees to pay the prevailing party's actual reasonable attorney's fees, court costs and expenses.

9.05 SUBORDINATION ESTOPPEL CERTIFICATE. This Lease is and shall be subject and subordinate to any and all ground or similar leases affecting the Building, and to all mortgages which may now or hereafter encumber or affect the Building and to. all renewals, modifications, consolidations, replacements and extensions of any such leases and mortgages; provided, at the option of any such

lessor or mortgagee, this Lease shall be superior to the lease or mortgage of such lessor or mortgagee. The provisions of this Section be self-operative and shall require no further consent or agreement by Lessee. Lessee agrees, however, to execute and return any estoppel certificate; subordination, non-disturbance and attornment agreement; consent or other agreement reasonably requested by any such lessor or mortgagee, or by Lessor, within ten (10) days after receipt of same, including, without limitation, an estoppel certificate in substantially the form attached hereto as Exhibit F Lessee shall, at the request of Lessor or any mortgagee of Lessor secured by a lien on the Building, furnish such mortgagee and/or lessor with written notice of any default or breach by Lessor at least sixty (60) days prior to the exercise by Lessee of any rights and/or remedies of Lessee hereunder arising out of such default or breach.

Notwithstanding anything to the contrary contained in this paragraph, Lessee shall only be obligated to subordinate its rights and interests under the Lease (including, but not limited to, accepting this Lease subject and subordinate to any recorded first mortgage, or deed of lien presently existing or hereafter created upon the Leased Premises) if the holder of any recorded first mortgage or deed of trust lien Lessee a non-disturbance agreement providing that Lessee shall have the right to remain in possession of the Leased Premises in accordance with the terms of the Lease so long as Lessee is not in default hereunder,

9.06 ATTORNMENT.. If any ground or similar lease or mortgage is terminated or foreclosed, Lessee shall, upon request, attorn to the Lessor under such lease or the mortgagee or purchaser at such foreclosure sale, as the case may be, and execute instrument(s) confirming such attornment. In the event of such a termination or foreclosure and upon Lessee's attornment as aforesaid, Lessee will automatically become the tenant of the successor to Lessor's interest without change in the terms or provisions of this' Lease; provided, such successor to Lessor's interest shall not be bound by (i) any payment of rent for more than one month in advance except prepayments for security deposits, if any, or (ii) any amendments or modifications of this Lease made after the date of termination or foreclosure without the prior written consent of such lessor or mortgagee. .

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9.07 LETTER OF CREDIT/GUARANTY. During the initial Term, and for a period of at least sixty (60) days thereafter. Lessee shall either (i) provide and maintain for the benefit of Lessor and Lessor's lender an unconditional and irrevocable letter of credit from a domestic bank with a Standard & Poor's rating of at least an "A" (the "Letter of Credit") and in the form attached hereto as Exhibit I, or otherwise in a form acceptable to Lessor and Lessor's lender, or (ii) cause ABB Asea Brown Boveri Limited to execute a Guaranty in a form acceptable to Lessee, Lessor and Lessor's lender. Lessor hereby represents to Lessee that to the best of its knowledge, the form contained in EXHIBIT I attached hereto has been pre-approved by Lessor's construction and interim lender, Branch Bank and Trust Company, for the duration of such loan. The Letter of Credit shall be provided by Lessee on the date that this Lease is executed. The amount of the Letter of Credit shall be \$1,116,544.00 during the first year of the Lease and shall decline annually thereafter as shown in the following schedule:

<TABLE>		<C>
<S>	Initial Term:	
	First Year Amount	\$1,116,544.00
	Second Year Amount	1,042,487.00
	Third Year Amount	961,884.00
	Fourth Year Amount	874,156.00
	Fifth Year Amount	778,673.00
	Sixth Year Amount	674,751.00
	Seventh Year Amount	561,643.00

</TABLE>

In the event that the Letter of Credit is subject to periodic (but not less than annual) renewal, then Lessee shall renew the Letter of Credit not less than ninety (90) days prior to the scheduled renewal date. Furthermore, both Lessee and the issuer of said Letter of Credit shall immediately provide written notice in the event that .said Letter of Credit is not in fact renewed ninety (90) days prior to the scheduled renewal date. Failure to renew said Letter of Credit or to provide notice of failure to renew within the required period shall constitute an event of default hereunder.

ARTICLE 10

ASSIGNMENT AND SUBLEASE

10.01 SUBLEASE. Lessee shall not, voluntarily, by operation of law, or otherwise, sublease the Leased Premises or any part thereof, or allow any person other than Lessee, its employees, agents, servants and invitees, to occupy or use the Leased Premises or any portion thereof, without the express prior written consent of Lessor, such consent not to be unreasonably withheld. Lessee shall not have the right to otherwise, assign, transfer, mortgage, pledge or encumber this Lease or the Leased Premises. If Lessee desires to sublet the Leased Premises or any part thereof, Lessee shall give Lessor written notice of such desire at least sixty (60) days in advance of the date on which Lessee desires to make such sublease. Lessor shall then have a period of thirty (30) days following receipt of such notice within which to notify Lessee in writing that Lessor elects (a) to terminate this Lease as to the space so affected as of the date so specified by Lessee, in which event Lessee shall be relieved of all further obligations hereunder as to such space, or (b) to permit Lessee to sublet such space (provided, however, if the rent agreed upon between Lessee and sublessee is greater than the Monthly Rent that Lessee must pay Lessor, such excess rent shall be deemed additional rent owed by Lessee and payable to Lessor in the manner that Lessee pays the Rent hereunder), or (c) to refuse to consent to Lessee's subleasing such space to continue this Lease in full force and effect as to the entire Leased Premises. If Lessor should fail to notify Lessee in writing of such election within the thirty (30) day period, Lessor shall be deemed to have elected option (c) above. - No subletting by Lessee shall relieve Lessee of any obligations under this Lease, and Lessee shall remain fully liable hereunder. If Lessee is not a public company that is registered on a national stock exchange or that is required to register its stock with the Securities and Exchange Commission under Section 12(g) of the Securities and Act of 1934, any change in a majority of the voting rights or other controlling rights or interests" of Lessee shall be deemed an for the purposes hereof. Notwithstanding the foregoing, Lessee shall have the right to assign this Lease or sublet all or any portion of the Leased Premises to an Affiliate without Lessor's consent or to an entity which purchases Lessee's or to an entity which with or is consolidated with Lessee. For purposes of this paragraph, the term "Affiliate" shall mean an entity which controls, is controlled by or under common control with Lessee. There can be no assignment or subletting to an Affiliate or other entity hereunder, however, unless this Lease and the Letter, of Credit referred to in Section 9.07 are in full force effect without any breach or default on the part of the Lessee. If Lessee makes any assignment, sublease, mortgage, pledge or encumbrance, with or without Lessor's written consent, Lessee will remain primarily liable for the performance of all terms of this Lease and the Letter of Credit referred to in Section 9.07.

-10.02 ASSIGNMENT BY LESSOR. Lessor shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and all other property referred to herein, and in such event and upon such transfer (any such transferee to have the benefit of, and be subject to, the provisions of Section 6.06 and Section 8.07 hereof) no further liability or obligation shall thereafter accrue against Lessor under this Lease,.

ARTICLE 11

NOTICES AND MISCELLANEOUS

11.01 NOTICES Except as otherwise provided in this Lease, any statement, notice, or other communication which Lessor or Lessee may desire or is required to give to the other shall be in writing and shall be deemed sufficiently given or rendered if hand delivered, or if sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses for Lessor and Lessee set forth in Subsection 2.01 (j) or at such other address(es) as either party shall designate from time to time by ten (10) days prior written, notice to the other party. . .

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11.02 MISCELLANEOUS. (a) This Lease shall be binding upon and inure to the benefit of the legal representatives, successors and assigns of Lessor, and shall be binding upon and inure to the benefit of Lessee, its legal representatives and successors. Pronouns of any shall include the other genders, and either the singular or the plural shall include the other,

(b) All rights and remedies of Lessor under this Lease shall be cumulative and none shall exclude any other rights or remedies allowed by law. This Lease is declared to be a North Carolina contract, and all of the ..terms thereof shall be construed according to the laws of the State of North Carolina.

(c) This Lease may not be altered changed or amended, except by an instrument in writing executed by all parties hereto. Further, the terms and provisions of this Lease shall not be construed against or in favor of a party hereto merely because such party is the "Lessor" or the "Lessee" hereunder or such party or its counsel is the draftsman of this Lease.

(d) . The terms and provisions of EXHIBITS A-1, A-2. B, C, D, E, F, G, H, I, J, AND K described herein and attached hereto are hereby a part hereof for all purposes, provided, however, that, unless otherwise expressly stated, in the event of a conflict between the terms of this Lease and the terms of any Exhibit attached hereto, the terms of this Lease shall control.

(e) If Lessee is a corporation, partnership or other entity, Lessee warrants that all consents and approvals required of third parties for the execution, delivery and performance of this Lease have been obtained and that Lessee has the right and authority to enter into and perform its covenants contained in this Lease.

(f) (Intentionally Deleted)

(g) If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law, notwithstanding the invalidity of any other provision hereof.

(h) If applicable in the jurisdiction where the Leased Premises are situated, Lessee shall pay and be liable for all rental, sales and use taxes or other similar taxes, if any, levied or imposed by any city, state, county or other governmental body having authority, such payments to be in addition to all other payments required to be paid to Lessor by Lessee under the terms of this Lease, Any such payment shall be paid concurrently with the payment of the rent upon which the tax is based as set forth above.

(i) Lessee has disclosed to Lessor and Lessor acknowledges that Lessee's use of the Leased Premises may involve the use of Hazardous Materials, as hereinafter defined. Any Hazardous Material permitted on the Leased Premises, and all containers therefor, shall be used, kept, stored, and disposed of in a manner that complies with all federal, state, and local laws or regulations applicable to the Hazardous Material. Lessee shall not discharge, leak, or emit, or permit to be discharged, leaked, or emitted, any material into the atmosphere, ground, sewer system, or any body of water, if such discharge, leak or emission (as is reasonably determined by the Lessor, or any governmental authority) is in violation of applicable law or would require Lessor or Lessee to take any remedial action or may adversely affect (a) the health, welfare, or safety of persons, whether located on the Leased Premises or elsewhere or (b) the condition, use, or enjoyment of the Building or any other real or personal property. Lessee shall make available to Lessor, upon Lessor's written request, Lessee's then current listings and quantities of Hazardous Material stored at the Leased Premises. Lessee shall provide any other related information reasonably requested by Lessor or Lessor's lender. As used herein, the term "Hazardous Material" means (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; (c) any oil, products, and their by-products; (d) any substance that is toxic, ignitable, reactive or corrosive, and (e) any substance that is or becomes regulated by any federal, state, or local government authority. Lessee hereby that it shall be fully liable for all costs and related to the use, storage and disposal of Hazardous Material kept on the Leased Premises by the Lessee, and the Lessee shall give immediate notice to the Lessor of any violation or potential violation of the provisions of this Section 11.02 (i). Lessee shall defend, indemnify, and hold harmless Lessor and its agents, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses (including, without limitation, actual reasonable attorneys' . . and consultants' fees, court costs, and litigation expenses) of whatever kind or nature related to (a) the presence, disposal, release, or threatened release of any such Hazardous Material that is on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals or otherwise; (b) any personal injury (including, wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Material; (c) any lawsuit brought or threatened, settlement reached, or government order related to such Hazardous Material; or (d) any violation of any laws applicable thereto, with regard to the immediately foregoing clauses (a) through (d), arising out of the use, storage or disposal of Hazardous Material kept on the Leased Premises by Lessee. Without limitation of the foregoing, if Lessee causes or permits the presence of any Hazardous Material on the Leased Premises that results in contamination which is in violation of applicable law or would require Lessor or Lessee to take any remedial action, Lessee shall promptly, at its sole expense, take any and all required actions to return the Leased Premises to the condition necessary to comply with environmental standards of the appropriate federal, state or local government agency or political subdivision. Lessee shall not be prevented or prohibited hereunder from taking such remedial action as it reasonably believes to be required by applicable law or any regulatory authority. Lessee shall promptly notify Lessor of any such remedial action. Lessee and Lessor agree that, at Lessors option, environmental testing be completed immediately prior to the expiration of the Term to determine that no contamination has occurred during the Term. If the test results indicate that

contamination has been introduced into the soil or ground water on or under the Leased Premises and that such contamination has been caused by Lessee, then Lessee shall promptly take all actions at Lessee's sole expense as are necessary to return the Leased Premises to the condition necessary to comply with environmental standards of the appropriate federal, state or local government agency or political subdivision. Lessor may also conduct annual environmental testing if Lessor deems such testing necessary. All costs of any environmental testing hereunder shall be paid by Lessee if any contamination

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of the soil or ground water is found to have been caused by Lessee, or by Lessor if no such contamination is found. The provisions of this Section 11.02 (i) shall be in addition to any other obligations and liabilities Lessee may have to Lessor at law or equity and shall survive the transactions contemplated herein and shall survive the expiration or earlier termination of this Lease.

(j) Lessee is prohibited from recording this Lease and may record a memorandum thereof only with the prior written consent of Lessor.

(k) Lessor agrees to provide Lessee with 280 parking spaces within the Leased Premises at no additional charge. In the event that Lessee adds active loading docks, then the number of parking spaces shall be reduced accordingly.

(l) "Square feet" or "square foot" as used in this Lease is the approximate gross area of the Building

(m) Lessor agrees to pay to the Broker(s) named in Subsection 2.01(k) a real estate broker a real estate brokerage commission only as set forth in separate listing and/or commission agreement(s) between Lessor and the named Broker(s). Lessor and Lessee each hereby represent and warrant to the other that they have not employed any other agents, brokers or other parties in connection with this Lease, and each agrees that it shall hold the other harmless from and against any and all claims of all other agents, brokers or other parties claiming by, through or under the respective indemnifying party.

(n) As part of the Tenant Improvement set forth in EXHIBIT C attached hereto, Lessor shall permit Lessee to have signage on the building or on the ground; provided, however, any such signage shall comply with the rules, regulations, and ordinances of any governmental entity having proper jurisdiction over the Building and Project.

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ARTICLE 12
ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES

12.01 ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES. LESSEE AND LESSOR AGREE THAT THIS LEASE AND THE EXHIBITS ATTACHED HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES AND ALL PRIOR CORRESPONDENCE, MEMORANDA, AGREEMENTS AND UNDERSTANDINGS (WRITTEN AND ORAL) ARE MERGED INTO AND SUPERSEDED BY THIS LEASE AND THERE ARE AND NO VERBAL REPRESENTATIONS, WARRANTIES, UNDERSTANDINGS, STIPULATIONS, AGREEMENTS OR PROMISES MADE BY LESSOR OR LESSEE IN CONNECTION WITH THIS LEASE. LESSEE AND LESSOR FURTHER AGREE THAT THERE ARE NO, AND LESSEE EXPRESSLY WAIVES ANY AND ALL WARRANTIES WHICH EXTEND BEYOND THOSE EXPRESSLY SET FORTH IN THIS LEASE OR IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OF ANY OTHER KIND ARISING OUT OF THE LEASE.

IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the date aforesaid.

LESSOR:

Eastpark Group II, L.L.C., a North
Carolina limited liability company (SEAL)

By: Capital Associates Limited
Partnership, Manager (SEAL)

By: /S/ Hugh D. Little

LESSEE:

ABB Power T&D Company Inc., a Delaware
Corporation

By: /S/ John G. Reckleff

Name: John G. Reckleff

Title: VP

EXHIBIT A-1
SCHEMATIC PLAN(S) OF THE LEASED PREMISES

EXHIBIT B

ACCEPTANCE OF LEASED PREMISES MEMORANDUM

Lessor and Lessee hereby agree that:

1. Except for those Items shown on the attached "punch list, which Lessor shall use its best efforts to remedy within _____ () days after the date hereof, Lessor has fully completed the construction work required of Lessor under the terms of the Lease and the Work Letter attached as Exhibit C. thereto.
2. The Leased Premises are tenantable, Lessor has no further obligation "for construction (except as specified above), and Lessee acknowledges that the Leased Premises are satisfactory in all respects. - .
3. The Commencement Date of the Lease is hereby agreed to be _____ 19__.
4. The Expiration Date of the Lease is hereby agreed to be _____, 19 ; provided, however, that if the Commencement Date Is other than the first day of the month, the Expiration Date shall nevertheless be the last day of the last . month of the Term. All other terms and conditions of the Lease are hereby ratified and acknowledged to be unchanged. - ' . . Agreed and Executed this ____ day of _____, 19

LESSEE: ABB Power T&D Company Inc., a
Delaware Corporation

By:
Name
Title

(Corporate Seal) .

ATTEST:

By: _____

Exhibit C

Work Letter Agreement

1. Tenant Improvement Allowance: Lessor shall provide Lessee with a tenant improvement allowance in the amount of One Million Four Hundred Fourteen Thousand Two Hundred Twenty-Four Dollars (\$1,414,224.00) (the "Allowance") to pay for all costs incurred by Lessor for the construction of any tenant improvements to the shell condition of the Leased Premises as set forth below.
2. Shell Condition: Lessor shall, at its sole cost and expense, perform or have performed, all work necessary to construct, or supply the necessary inventory to complete, the Leased Premises to its shell condition. The "shell condition" of the Leased Premises shall consist of the items enumerated under the sections "Sitework" and "Building" and the corresponding exhibits attached thereto in Exhibit D. Technical Data, of the Lease, which is incorporated herein by reference in its entirety. In constructing the shell condition, Lessor hereby warrants that Lessor shall use quality materials and construction techniques normally utilized in constructing a shell building, and related sitework, of this type. Any improvements made to the shell condition of the Leased Premises shall be deemed "Tenant Improvements". Lessee has already notified Lessor, and Lessor has already agreed to modify the shell condition as shown in Exhibit K attached to the Lease and described as follows: (i) change round columns to rectangular columns like those at 13000 Weston Parkway - \$14,228.00, (ii) change the soffits over the storefront on the three diagonal corners (only) from one foot to approximately five feet deep like those at 13000 Weston Parkway - \$37,840.00, (iii) add 8' x 9' aluminum windows on the rear (in the future dock door locations) - \$1,495.00 EACH, and (iv) add 6' x 6' aluminum windows on the ends - unit price to be determined. The changes described above, and adding landscape irrigation if elected by Lessee, to the shell condition shall be deemed Tenant Improvements and shall be paid for out of the Allowance.
3. Design: Lessor shall cause an architect and one or more engineers, each of whom shall be designated by Lessor at its sole discretion, to prepare architectural, plumbing, mechanical, and electrical plans sufficiently detailed for pricing, approval and construction of the Tenant Improvements ("the Detailed Plans"). All partitions, doors, hardware, ceiling tile, window coverings, plumbing, HVAC, lighting fixtures, switches, outlets and life safety items shall be designed in Lessor's standard manner. Carpet, paint, wall covering, and millwork shall be designed in Lessor's standard manner, unless otherwise directed by Lessee. Lessee may request Tenant Improvements over and above those normally constructed or provided by Lessor, and Lessor shall approve Lessee's request for such Tenant Improvements, provided that they will not interfere with the operation of the Building, affect the outside appearance of the Building, or adversely affect the Building's structural, plumbing, mechanical, or electrical systems. Lessee shall furnish to Lessor all information and technical data reasonably necessary for the preparation of the Detailed Plans in a reasonable time from the date of Lessor's request therefore, so as not to delay the design, pricing, approval, and construction of the Tenant Improvements. Notwithstanding anything to the contrary contained herein, Tenant Improvements to be paid for from the Allowance shall include plumbing, fire protection, HVAC, and electrical infrastructure reasonably necessary for future multi-tenant occupancy. Tenant Improvements to be paid for from the Allowance shall also be generic and not special purpose, and suitable for reuse by future tenants of a multi-tenant "flex" building, as reasonably determined by Lessor and Lessee. For example, the preliminary plan attached to the Lease as Exhibit J is deemed to be generic and not special purpose, and is deemed to be suitable for reuse by future tenants of a ----- multi-tenant "flex" building. Notwithstanding anything to the contrary contained herein, the cost of the design (architectural and engineering) and construction of any Tenant Improvements (i) which are not generic and which are special purpose ("Extra Work"), or (ii) which exceed the amount of the Allowance, shall be paid for by Lessee upon receipt of Lessor's invoice therefor, and shall not be paid out of the Allowance.
4. Construction: Lessor shall cause a general contractor or contractors designated by Lessor at its sole discretion, to price and to construct the Tenant Improvements. Lessor will use its best efforts to coordinate construction of the Tenant Improvements with construction of the shell condition, so that the Allowance can be used efficiently; provided, however, that such obligation is contingent upon Lessee providing all information and making all decisions with respect to the design and

construction of the Tenant Improvements in a timely manner.

5. Approval of Detailed Plans and Cost: Prior to commencing construction of the Tenant Improvements, Lessor shall submit to Lessee for Lessee's approval (i) the Detailed Plans, and (ii) an itemized cost statement for the design and construction the Tenant Improvements. Such cost statement shall not include any mark-up for Lessor, but shall include the actual cost to Lessor of any materials or fixtures to be utilized, all that have been or will be purchased directly by Lessor. Such cost statement shall include all costs associated with any contractor's general conditions, permits, taxes, insurance, and fees. Within ten (10) business days after its receipt of the cost statement and the Detailed Plans, Lessee shall approve the Detailed Plans and cost statement in writing, subject to any modifications or changes in the Detailed Plans requested by Lessee. Notwithstanding anything to the contrary contained herein, if the cost of constructing the Tenant Improvements as approved by Lessee exceeds the Allowance, then Lessee shall pay Lessor the amount of such excess cost within ten (10) business days of receipt of Lessor's invoice therefor. If the cost of constructing the Tenant Improvements as approved by Lessee is less than the Allowance, Lessee shall not be entitled to any refund; provided, however, that at any time during the initial Lease Term, Lessor shall apply any remaining portion of the Allowance to any additional Tenant Improvements, or alterations thereto, made by Lessee during the initial Term of the Lease, until the full amount of the Allowance has been spent.
6. Delay. The Commencement Date, Expiration Date, and commencement of installments of Monthly Base Rent will not be postponed or delayed as a result of:
 - a. Lessee's failure to furnish information in accordance with Paragraph 3;
 - b. Lessee's failure to approve the Detailed Plans in accordance with Paragraph 5;
 - c. Lessee's failure to approve the cost statement and any excess cost as provided in Paragraph 5;
 - d. Changes to the Detailed Plans requested or caused by Lessee after Lessee's approval of the Detailed Plans in accordance with Paragraph 5;
 - e. Lessee's failure to adhere to the Development Schedule, set forth in Exhibit E, herein, or;
 - f. Any other delay from any other cause attributable to Lessee, its agents, consultants, contractors, subcontractors or employees.
7. Lessee's Access to Leased Premises. Lessor will permit Lessee and its agents reasonable access to the Leased Premises during normal business hours prior to the date specified for the Commencement Date so that Lessee may perform itself or through its own contractors, who have been approved in advance by Lessor, such work as Lessee may desire to prepare the Leased Premises for its use, including, without limitation, setting up office furniture and equipment. This license to enter prior to the Commencement Date is conditioned on the following:
 - a. Lessee or Lessee's contractors working in harmony and not interfering with Lessor's contractors or with any other lessee or its contractors; and
 - b. Lessee delivering to Lessor prior to commencement of any work in the Leased Premises by Lessee or its contractors, and at least 30 days prior to the expiration of any policy, satisfactory certificates of insurance for each contractor evidencing worker's compensation and comprehensive general liability insurance for bodily injury and property damage in amounts, with companies, and on forms satisfactory to Lessor.

If at anytime the entry by Lessee or its contractors, in Lessor's sole judgment, causes disharmony or interference with Lessor's construction activities in the Leased Premises or with any other lease, Lessor may withdraw this license by giving written notice to Lessee. If Lessor withdraws this license, Lessee shall immediately cause its contractors to cease operations in and withdraw from the Leased Premises until Lessor completes its work. Any entry by Lessee or its contractors is subject to all of the terms, covenants, provisions, and conditions of the Lease except the covenant to pay Monthly Rent. Lessor shall not be liable in any way for any injury, loss, or damage that may occur to Lessee, its employees, contractors, agents or to any of Lessee's tenant improvements made prior to the Commencement Date, which are made solely at Lessee's risk. Lessee shall indemnify, defend, and hold harmless Lessor and its contractors, Building manager, agents and employees from any and all claims, demands, and actions arising from activities of

Lessee and its contractors, workmen, mechanics, agents and employees.

8. Warranties. For a period of one (1) year after the date of substantial completion or the Commencement Date, whichever occurs first, Lessor shall cause the repair or replacement of any defects in material or workmanship in the Building or Tenant Improvements installed by Lessor and shall pay all reasonable costs of enforcing any warranty, guaranty or bond covering or agreeing to remedy such defect (a "Warranty"). On the first anniversary or the date of substantial completion or the Commencement Date, whichever occurs first, Lessor shall assign any and all rights of Lessor in and to any Warranty in effect for items the repair, replacement, and/or maintenance of which Lessee has assumed responsibility under this Lease. Lessor shall thereafter assist Lessee in the enforcement of any such Warranty(ies) assigned to Lessee. The obligations of Lessor set forth above are contingent upon Lessee notifying Lessor of the existence of any such defect as soon as reasonably practicable after the date Lessee discovers such defect. LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THE TENANT IMPROVEMENTS EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 8. The Lessee's sole remedy for the breach of any applicable warranty shall be the remedy set forth in this Section 8. Lessee agrees that no other remedy, including without limitation, incidental or consequential damages for lost profits, injury to person or property or any other incidental or consequential loss shall be available to Lessee.
9. Compliance with Certain Requirements. At any time before, during, and after construction, Lessor may require changes to the Detailed Plans in order to comply with applicable building codes, other governmental requirements, and insurance requirements. Neither Lessor's nor Lessee's approval of the Detailed Plans is a warranty that the Detailed Plans comply with applicable building codes, other governmental requirements, and insurance requirements.
10. Delay. Lessee and Lessor recognize that time is of the essence and that Lessee will suffer financial loss if the Building and Leased Premises are not substantially completed and a certificate of occupancy for the Leased Premises is not obtained by the Target Commencement Date, as extended for any Excused Delay (as defined below). The parties also recognize the delay, expense and difficulty involved in proving actual loss suffered by Lessee if the Building is not substantially completed and a certificate of occupancy is not obtained for the Leased Premises by the Target Commencement Date, as extended for any Excused Delay (as defined below). Therefore, if the Building is not substantially completed and a certificate of occupancy is not obtained for the Leased Premises on or before January 1, 1998, then Lessor hereby agrees to pay to Lessee as liquidated damages and not as a penalty, One Thousand Dollars (\$1,000.00) for each calendar day after the Target Commencement Date, as extended for any Excused Delay (as defined below), that the Building is not substantially completed and a certificate of occupancy is not obtained for the Leased Premises; provided, however, that one (1) business day shall be added to the Target Commencement Date for every day of delay caused by (i) inability to obtain or delay in obtaining any required approval permit or license from any governmental authority or private entity having proper jurisdiction; (ii) Lessee's failure to provide in a timely manner necessary information, decisions, review and approvals, including any action

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or inaction by Lessee described in Section 6 of this Work Letter, (iii) inclement weather (no time for weather related delays is included in the construction time); (iv) war, riot, labor and material shortage, strikes and acts of God; and (v) any other event not due to Lessor's negligence (individually and collectively an "Excused Delay").

EXHIBIT D

TECHNICAL DATA

SITework

Paving and walks as generally shown on the attached site plan. Exhibit D-1.
Curb and gutter in front, but not in back.
Grading to balance cut and fill.
Piped storm drainage on front.
Surface storm drainage on back, including runoff from downspouts.
Domestic water service (3" line and 2" meter) stubbed off just inside of building.
Fire water service (size as required) for fire hydrants and stubbed off just inside of building of building for ordinary hazard fire sprinkler system
Sanitary sewer service (6") stubbed off just inside of building.
Two (2) four-inch (4") conduits for telecommunications stubbed off just inside of building.
Electrical service stubbed off just inside of building.
Gas service stubbed off just inside of building.
No signage is included. No landscaped irrigation is included.
Landscaping will meet or exceed City ordinance.

BUILDING

Floor plan as generally shown on the attached Exhibit D-2.
Elevation as generally shown on the attached Exhibit D-3.
16'-0" Clear height.
Spread footings to support structure.
Structure composed of beams, columns, and joists.
Metal roof deck is 1.5", type B", 22ga., painted.
Slab on grade is 5" thick (3000 PSI concrete), with stone base and wire mesh.
Architectural tilt panels are 5-1/2" thick (3000 PSI concrete) with reveals.
Included is 15 each, 20" round columns to support the spandrel panels at storefronts.
R-14.3 insulation, with single ply (45 mil), and ballast roof (not a Factory Mutual roof system).
No rear doors are included (dock area), or access steps.
Tilt panels will be texture painted (Trico-plex).
344 LF of 1'-0" wide sheetrock/framing soffit is included above the storefronts. (Also 1'-6" fascia).
344 LF of 9'-0" high storefront (STD metal framing, and anodized aluminum).
32 ea., 6' x 6' windows are included on front. None on back.
Items specifically not included:
Interior wall insulation (building walls are uninsulated).
Plumbing.
Sprinkler (fire).
HVAC.
Electrical.
Roof slopes from front to back with exposed gutters and downspouts on back. No parapet on back. Front has 1'0" high parapet above roof. HVAC equipment installed on the roof may be visible from public streets.
Three storefront entrances are included. Each may be either a single door or a pair of doors. Horizontal architectural reveals as generally shown on the building elevation attached as EXHIBIT D-3.

EXHIBIT D-2

FLOOR PLAN

EXHIBIT D-3

ELEVATION

EXHIBIT E
DEVELOPMENT SCHEDULE

EXHIBIT F
FORM OF ESTOPPEL CERTIFICATE

The undersigned _____ "Lessee", in consideration of One Dollar (\$1.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby certifies to _____ ("Lessor"), [the holder or prospective holder of any mortgage covering the property] (the "Mortgagee") and [vendee under any contract of sale with respect to the Property] (the "Purchaser") as follows:

1. Lessee and Lessor executed a certain Lease Agreement (the "Lease"), dated _____, 19____, covering the building located at _____ known as and by the street number _____ (the "Leased Premises"), for a term commencing on _____, 19____, and expiring on _____.

2. The Lease is in full force and effect and has not been modified, changed, altered or amended in any respect.

3. Lessee has accepted and is now in possession of the Leased Premises and is paying the full Rent under the Lease.

4. The Base Rent payable under the Lease is \$_____ per month. The Base Rent and all Additional Rent and other charges required to be

paid under the Lease have been paid for the period up to and including _____.

5. No Rent under the Lease has been paid for more than thirty (30) days in advance of its due date.

6. All work required under the Lease to be performed by Lessor has been completed to the full satisfaction of Lessee.

7. There are no defaults existing under the Lease on the part of either Lessor or Lessee.

8. There is no existing basis for Lessee to cancel or terminate the Lease.

9. As of the date hereof, there exist no valid defenses, offsets, credits, deductions in rent or claims against the enforcement of any of the agreements, terms, covenants or conditions of the Lease.

10. Lessee affirms that any dispute with Lessor giving rise to a claim against Lessor is a claim under the Lease only and is subordinate to the rights of the holder of all first lien mortgages on the Leased Premises and shall be subject to all the terms, conditions and provisions thereof. Any such claims are not offsets to or defenses against enforcement of the Lease.

11. Lessee affirms that any dispute with Lessor giving rise to a claim against Lessor is a claim under the Lease only and is subordinate to the rights of the Purchaser pursuant to any contract of sale. Any such claims are not offsets to or defenses against enforcement of the Lease.

12. Lessee affirms that any claims pertaining to matters in existence at the time Lessee took possession and which are known to or which were then readily ascertainable by Lessee shall be enforced solely by money judgment and/or specific performance against the Lessor named in the Lease and may not be enforced as an offset to or defense against enforcement of the Lease.

13. There are no actions, whether voluntary or otherwise, pending against or contemplated by Lessee under the bankruptcy laws of the United States or any state thereof.

14. There has been no material adverse change in Lessee's financial condition between the date hereof and the date of the execution and delivery of the Lease.

15. Lessee acknowledges that Lessor has informed Lessee that an assignment of Lessor's interest in the Lease has been or will be made to the Mortgagee and that no modification, revision, or cancellation of the Lease or amendments thereto shall be effective unless a written consent thereto of the Mortgagee is first obtained, and that until further notice payments under the Lease may continue as heretofore.

16. Lessee acknowledges that Lessor has informed Lessee that Lessor has entered into a contract to sell the Property to Purchaser and that no modification, revision or cancellation of the Lease or amendments thereto shall be effective unless a written consent thereto of the Purchaser has been obtained.

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17. This certification is made to induce Purchaser to consummate a purchase of the Property and to induce Mortgagee to make and maintain a mortgage loan secured by the Property and/or to disburse additional funds to Lessor under the terms of its agreement with Lessor, knowing that said Purchaser and Mortgagee rely upon the truth of this certificate in making and/or maintaining such purchase or mortgage or disbursing such funds, as applicable.

18. Except as modified herein, all other provisions of the Lease are hereby, ratified and confirmed.

LESSEE:

ABB Power T&D Company Inc., a Delaware Corporation

By: _____

Name: _____

Title: _____

(Corporate Seal)

Date: _____

ATTEST:

By: _____

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EXHIBIT G

RENEWAL OPTIONS

As long as Lessee is not in default in the performance of any of the covenants or conditions of this Lease at the time of exercise of each renewal option or at the time of commencement of each renewal term, each as described below, Lessee shall have the option to renew the Term of this Lease for two (2) successive periods of five (5) additional years each (the first five (5) years, the "First Renewal Term" and the second five (5) years, the "Second Renewal Term", each a "Renewal Term"). Lessee shall exercise each of such options to renew by delivering written notice of such election to Lessor at least twelve (12) months prior to the expiration of the initial Term and, if applicable, the First Renewal Term. The renewal of this Lease shall be upon the same terms and conditions of this Lease, except as follows:

(a) (I) The Monthly Base Rent for the first year of the First Renewal Term shall be determined in the last month of the final year of the initial Lease Term and shall be an amount equal to the Monthly Base Rent for months eight (8) through twelve (12) of the Lease as set forth in Section 2.01(d) of the Lease, escalated by the cumulative change in the Consumer Price Index - U.S. City Average-All Items-Clerical and Wage Earner (1982 - 84 = 100) as published by the Bureau, of Labor Statistics United States Department of Labor (the "CPI from the fourth (4th) month immediately preceding the first full month of the initial Lease Term to the third (3rd) to the last month in the last year of the initial Lease Term, as expressed in the following formula:

$$[(CPI\ 1 - CPI\ 0) / (CPI\ 0)] + 1.0$$
 times [the Monthly Base Rent for months eight (8) through twelve (12) of the Lease), where

CPI 1 = CPI for the month that is three (3) months prior to the expiration of the initial Lease Term

CPI 0 = CPI for the month that is four (4) months prior to the first full month of the initial Lease Term.

The resulting figure will be the amount of the Monthly Base Rent for the first year of the First Renewal Term. For example, if the initial Lease Term ends on February 28, 2005, then the applicable CPI would be the index published for the month of November, 2004. In addition, if the initial Lease Term begins on December 15, 1997, and the first full month is January, 1998, then the applicable CPI would be the index published for the month of September, 1997. Therefore, for purposes of determining the Monthly Base Rent for the first year of the First Renewal Term, the cumulative change in the CPI would be measured from September, 1997 through November, 2004.

(ii) The Monthly Base Rent for the first year of the Second Renewal Term shall be determined in the last month of the final year of the First Renewal Term and shall be an amount equal to the Monthly Base Rent for months eight (8) through twelve (12) of the Lease as set forth in Section 2.0 1(d) of the Lease, escalated by the cumulative change in the CPI from the fourth (4th) month immediately preceding the first full month of the initial Lease Term to the third (3rd) to the last month in the last year of the First Renewal Term, as expressed in the following formula:

$$[(CPI\ 1 - CPI\ 0) / (CPI\ 0)] + 1.0$$
 times [Monthly Base Rent for months eight (8) through twelve (12) of the Lease], where

CPI 1 = CPI for the month that is three (3) months prior to the expiration of the First Renewal Term

CPI 0 = CPI for the month that is four (4) months prior to the first month of the initial Lease Term.

The resulting figure will be the amount of the Monthly Base Rent for the first year of the Second Renewal Term.

(b) The Monthly Base Rent for years two (2) through five (5) of the First Renewal Term, and for years two (2) through five (5) of the Second Renewal Term shall each be determined in the last month of the previous lease year and shall be an amount equal to the Monthly Base Rent for the then current lease year escalated by the change in the CPI from the third (3rd)' to the last month of the previous lease year to the third (3rd) to the last month of the current lease year, as expressed in the following formula:

$$[(\text{CPI } 1 - \text{CPI } 0) / (\text{CPI } 0)] + 1 .0] \text{ times [the Monthly Base Rent for the current lease year], where}$$

CPI 1= CPI for the month that is three (3) months prior to the expiration of the current lease year

CPI 0=CPI for the month that is three (3) months prior to the expiration of the previous lease year.

The resulting figure will be the amount of the Monthly Base Rent for the following lease year.

(c) Notwithstanding the foregoing, the Monthly Base Rent for the first year of either Renewal Term shall not be less than the Monthly Base Rent for the preceding year.

(d) Lessee shall have no option to renew this Lease beyond the expiration of the Second Renewal Term.

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(e) Lessee shall not have the right to assign its renewal rights beyond the initial Term to any sublessee of the Leased Premises, nor may any such sublessee exercise such renewal rights beyond the initial Term.

(f) The Leased Premises shall be provided in its then existing condition (on an "as is" basis) at the time each renewal term commences.

(g) If (a) the CPI ceases using the 1982-84 base, or (b) a substantial change is made in the number of items used in determining the CPI and Lessor and Lessee agree that the CPI no longer accurately reflects the purchasing power of the US dollar, or (c) the publication of the CPI shall be discontinued for any reason, the Bureau of Labor Statistics shall be requested to furnish a new index comparable to the CPI together with information which will make possible the conversion to the new index in computing the Monthly Base Rent for the years described above. If for any reason the Bureau of Labor Statistics does not furnish such an index and such information, Lessor shall select and thereafter use such other index, or comparable statistics on the cost of living, as shall be computed and published by an agency of the United States, or by a responsible financial periodical or recognized authority. If no new index is selected as provided herein, then the Monthly Base Rent for the years described above shall thereafter be increased by an amount equal to three percent (3%) of the Monthly Base Rent payable in the prior lease year of the Term.

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EXHIBIT H

Intentionally Deleted

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EXHIBIT I

LETTER OF CREDIT

(FOR FORM ONLY)

(PAGE 1 OF 3)

EXHIBIT I
LETTER OF CREDIT
(FOR FORM ONLY)
(PAGE 2 OF 3)

EXHIBIT I
LETTER OF CREDIT
(FOR FORM ONLY)
(PAGE 3 OF 3)

EXHIBIT J
PRELIMINARY SPACE PLAN

EXHIBIT K
MODIFICATION TO THE SHELL CONDITION
(PAGE 1 OF 3)

EXHIBIT K
MODIFICATION TO THE SHELL CONDITION
(PAGE 2 OF 3)

EXHIBIT K
MODIFICATION TO THE SHELL CONDITION
(PAGE 3 OF 3)

STATE OF NORTH CAROLINA

WAKE COUNTY

LEASE ASSIGNMENT,
ASSUMPTION AND MODIFICATION
AGREEMENT

THIS LEASE ASSIGNMENT, ASSUMPTION AND MODIFICATION AGREEMENT (the "Agreement") dated the 1st day of May, 2003, is made by and among ABB INC., a Delaware corporation, formerly known as both ABB Automation, Inc. and ABB Power T&D Company ("Assignor"), ELSTER ELECTRICITY, LLC, a Delaware limited liability company authorized to conduct business in the State of North Carolina ("Assignee" or "Tenant") and EASTPARK GROUP II, L.L.C., a North Carolina limited liability company (known as Lessor in the Lease, but to be referred to as "Landlord" hereinafter).

WHEREAS, Assignor, as the tenant thereunder, and Landlord entered into that certain Lease Agreement dated May 6, 1997 (the "Lease"), pursuant to which Assignor agreed to lease from Landlord approximately 58,926 square feet of flex space at the building located at 208 South Rogers Lane, Raleigh, North Carolina 27610 (the "Leased Premises" or the "Building"). (The Lease is incorporated herein by reference in its entirety. Terms used and not otherwise defined herein shall have the meanings ascribed to them in the Lease); and

WHEREAS, Assignee purchased all of the assets and assumed all of the liabilities of the meters division of Assignor, including the Lease, effective as of December 4, 2002 (the "Transfer"); and

WHEREAS, Assignor desires to assign all of its right, title and interest in and to the Lease to Assignee, effective December 4, 2002; and

WHEREAS, Assignee desires to assume all of the duties, liabilities and obligations of the Lease effective December 4, 2002, and Landlord desires to consent to such assignment; and

WHEREAS Tenant desires to exercise its option to extend the Term of the Lease for the Building for a seven (7) year and three (3) month period from the Effective Date (as defined below), but on the terms and conditions contained herein and not as set forth in EXHIBIT G of the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease by (i) extending the Term for a period of seven (7) years and three (3) months from the Effective Date of this Agreement, (ii) resetting the Base Rent, (iii) setting forth a new Renewal Option, and (iv) setting forth the amount of the Letter of Credit to be provided by Tenant, all on the terms and conditions contained herein; and

WHEREAS, Assignor desires to consent to the amendments and modifications set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, which are incorporated herein by reference, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Effective as of December 4, 2002, Assignor hereby assigns, delegates, transfers and conveys to Assignee all of Assignor's right, title and interest in and to the Lease and Assignee accepts such assignment, delegation, transfer and conveyance from Assignor.

2. Effective as of December 4, 2002, and in reliance on the representations, warranties and covenants set forth herein and in the Lease, Assignee hereby assumes the Lease from Assignor and covenants to perform and fulfill all of Assignor's duties, liabilities and obligations under the Lease.

3. Effective as of December 4, 2002, Landlord hereby consents to the assignment to and assumption of the Lease by Assignee as set forth in this Agreement, and Landlord acknowledges that this Agreement constitutes an amendment to the Lease substituting Assignee for Assignor under the Lease for all purposes, except that Assignor, in accordance with the terms of this Agreement, shall remain liable for the performance of all obligations under the Lease arising or accruing on or before February 28, 2005 (the "Release Date"), the date on which the original term of the Lease was to expire, including but not limited to the payment of all Rent and other sums due to Landlord if Assignee fails to make any such payment(s) when due.

4. Until the Release Date (i) Assignee may not amend or modify the Lease without notice to, and express written consent of, Assignor and (ii) any amendment or modification made without Assignor's express written consent first obtained shall be null and void and without force and effect.

5. Assignor indemnifies and agrees to hold Assignee harmless from and against any claims, defaults by Assignor or liabilities (including, without limitation, leasing commissions, court costs and attorneys' fees) under the Lease first arising or accruing before, or any events under the Lease resulting

from a default by Assignor or any act or failure to act on the part of Assignor first occurring before December 4, 2002, and further indemnifies Assignee for any loss, cost of expense as a result of any misrepresentation in any representation, warranty or certificate made by Assignor in this Assignment. Assignee indemnifies and agrees to hold Assignor harmless from and against any claims, defaults by Assignee or other liabilities (including, without limitation, court costs and attorneys' fees) under the Lease resulting from a default by Assignee or any act or failure to act on the part of

Assignee first arising or accruing on or after, or any events under the Lease first occurring on or after, December 4, 2002.

6. Landlord agrees that if Assignee defaults under the Lease on or before the Release Date, Landlord will give Assignor notice of such default and the same period for Assignor to cure any such default, as set forth in the Lease.

7. Landlord acknowledges that except as referenced above, prior to this Agreement there have been no amendments, modifications or supplements to the Lease.

8. Landlord acknowledges that the Lease is in full force and effect.

9. Landlord acknowledges that, to the best knowledge of Landlord, as of December 4, 2002 Assignor was the tenant under the Lease, with the sole and exclusive right to use and occupy the Leased Premises thereunder, was in possession of the Leased Premises thereof, and had the right pursuant to the terms of the Lease to enter into an assignment of the lease with the consent of the Landlord.

10. Effective as of May 1, 2003 (the "Effective Date"), the Lease is hereby amended to reflect Tenant's extension of the Term for seven (7) years and three (3) months from the Effective Date of May 1, 2003.

(a) Landlord and Tenant further acknowledge and agree that effective as of the Effective Date (May 1, 2003), the Annual Base Rent for the Building shall be reset as set forth below. Therefore, effective as of the Effective Date, Sub-Section 2.01(d) of the Lease (Basic Lease Provisions) is hereby deleted in its entirety and replaced with the following:

Subsection 2.01(d) Commencing May 1, 2003, the Annual Base Rent for the Building shall be reset to equal Five Hundred Three Thousand Four Hundred Forty-nine Dollars and Sixty-eight Cents (\$503,449.68), and that from the Effective Date through the end of the Term, as such has been revised herein, the Annual Base Rent shall be as follows:

(Base Rent chart appears on the following page.)

<TABLE>
<CAPTION>

Dates	Price Per Square Foot	Square Feet	Annual Base Rent	Monthly Base Rent
5/1/03 through 4/30/04	\$8.54	58,926	\$503,449.68	\$41,954.14
5/1/04 through 4/30/05	\$8.80	58,926	\$518,553.12	\$43,212.76
5/1/05 through 4/30/06	\$9.06	58,926	\$534,109.68	\$44,509.14
5/1/06 through 4/30/07	\$9.34	58,926	\$550,132.92	\$45,844.41
5/1/07 through 4/30/08	\$9.62	58,926	\$566,636.88	\$47,219.74
5/1/08 through 4/30/09	\$9.90	58,926	\$583,635.96	\$48,636.33

5/1/09 through 4/30/10	\$10.20	58,926	\$601,145.04	\$50,095.42
5/1/10 through 7/31/10	\$10.51	58,926	\$619,179.36	\$51,598.28

(b) Tenant shall continue to be responsible for Additional Rent payments as provided in the Lease;

(c) Effective as of the Effective Date, Subsection 2.01(f) of the Lease (Term) is hereby deleted in its entirety and replaced with the following: "Subsection 2.01(f) Term: 12 Years and 6 Months"; and

(d) Effective as of the Effective Date, the second (2nd) line of Subsection 2.01(g) of the Lease (Expiration Date) is hereby deleted in its entirety and replaced with the following: "Subsection 2.01(g) Expiration Date of July 31, 2010".

11. Landlord acknowledges and agrees that effective as of the Release Date, Assignor shall be automatically released and fully discharged under this Lease and will no longer have any liability under the Lease, except with respect to any damages arising or accruing on or before the Release Date for which Assignor is liable.

12. Landlord acknowledges and agrees that the Letter of Credit Landlord is currently holding pursuant to the Lease for the Building shall remain in place through ninety (90) days following the Release Date. Landlord and Tenant further acknowledge and agree that Tenant shall provide Landlord with a new Letter of Credit in form acceptable to Landlord and Tenant on or before March 1, 2005, in the amounts set forth below:

<TABLE>
<CAPTION>

Dates	Amount of Letter of Credit
3/1/05 through 2/28/06	\$1,157,238.00
3/1/06 through 2/28/07	\$1,054,421.00
3/1/07 through 2/29/08	\$944,395.00
3/1/08 through 2/28/09	\$778,181.00
3/1/08 through 2/28/10	\$551,050.00
3/1/10 through 10/31/10	\$206,392.00

</TABLE>

Landlord and Tenant acknowledge and agree that the Letter of Credit shall remain in place through the entire Term of the Lease, as such may be extended pursuant to EXHIBIT G-1, as set forth therein, and for ninety (90) days beyond the expiration of the Term.

13. Landlord and Tenant acknowledge and agree that the Term of the Lease has been renewed and extended, as set forth herein. Therefore, effective as of the Effective Date, EXHIBIT G of the Lease is hereby amended by deleting the renewal options set forth therein, and inserting the Renewal Option as set forth in and defined in EXHIBIT G-1, which is attached hereto and incorporated herein by reference in its entirety.

14. Assignor acknowledges that, as of the date hereof, to the best knowledge of Assignor, Landlord has complied with all of Landlord's obligations to be performed under the Lease, Landlord is not in default thereunder and Assignor has no claims against Landlord thereunder.

15. Landlord acknowledges that, as of the date hereof, to the best knowledge of Landlord, Assignor has complied with all of Assignor's obligations to be performed under the Lease, Assignor is not in default thereunder and Landlord has no claims against Assignor thereunder.

16. Landlord acknowledges that all Base Rent and any Additional Rent due

and owing under the Lease as of the date hereof have been paid.

17. Landlord acknowledges that no Base Rent or Additional Rent has been prepaid for more than one(1) month in advance.

18. Within ten (10) days after a written request therefor by Assignee, Landlord agrees, without further consideration or expense, to use its best efforts to cause the holder of any Deed of Trust encumbering the Leased Premises to execute and deliver to Assignee a customary non-disturbance and attornment agreement in form acceptable to Assignee.

19. Each of the parties to this Agreement hereby acknowledges that this Agreement shall be effective as of December 4, 2002 (with the parties' acknowledgement that this is not the "Effective Date" as defined in Section 10 of this Agreement), even though it was not executed until the Execution Date.

20. This Agreement is declared to be a North Carolina contract, and all of the terms herein shall be construed according to the laws of the State of North Carolina.

21. Any and all notices that are or may be required to be given pursuant to the terms of this Agreement or the Lease shall be sent by Registered or Certified Mail, Return Receipt Requested, to the parties hereto at their respective addresses.

<TABLE>
<CAPTION>
<S>

Landlord:
Eastpark Group II, L.L.C.
c/o Capital Associates
1100 Crescent Green, Suite 115
Cary, North Carolina 27511
Attn: Thomas R. Huff
(919) 233-9901

<C>

Assignee:
Elster Electricity, LLC
208 Rogers Lane
Raleigh, North Carolina 27610
Attn: John Southerland
(919) 212-5049

<C>

Assignor:
ABB, Inc.
501 Merritt 7
Norwalk, CT 06851
Attn: A.P. Karlberg
Ph: (203) 750-2211

For Accounts Payable:
Elster Electricity, LLC
201 Rogers Lane
Raleigh, North Carolina 27610
Attn: Accounts Payable

</TABLE>

22. Except as hereinabove modified, the original terms and conditions of the Lease shall remain in full force and effect.

23. This Agreement shall be binding upon the parties, their representatives, heirs, successors and assigns.

24. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

25. Contemporaneously with execution of this Agreement, Landlord and Tenant hereby agree to execute, in recordable form, that certain Memorandum of Lease attached hereto and incorporated herein by reference as EXHIBIT A.

26. Assignor hereby consents and approves all of the amendments and modifications to the Lease contained in this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first written above.

Assignor:
ABB Inc., a Delaware corporation

By: /s/A.P. Karlbert
Name: _____
Title: Assistant Secretary

Assignee/Tenant:
Elster Electricity, LLC, a Delaware limited liability company

By: /s/ Raymond Schmitt
Name: _____
Title: VP & CFO

Landlord:

Eastpark Group II, L.L.C., a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership,
Manager

By: /s/ Hugh D. Little
General Partner

EXHIBIT A

MEMORANDUM OF LEASE

Prepared by and return to: Trent E. Jernigan, Womble Carlyle Sandridge & Rice,
PLLC One West Fourth Street, Winston-Salem, NC 27101

NORTH CAROLINA)
)
WAKE COUNTY)

THIS MEMORANDUM OF LEASE made this ___ day of _____, 2003, by and between EASTPARK GROUP, II, L.L.C., a North Carolina limited liability company, hereinafter referred to as "Landlord", and ELSTER ELECTRICITY, LLC, a Delaware limited liability company, hereinafter referred to as "Tenant".

W I T N E S S E T H:

WHEREAS, ABB Inc., formerly known as both ABB Automation, Inc. and ABB Power T&D Company, as tenant ("Assignor"), and Landlord entered into a certain Lease dated May 6, 1997 ("Lease");

WHEREAS, Landlord, Assignor and Tenant entered into that certain Lease Agreement, Assumption and Modification Agreement dated the ___ day of _____, 2003 ("Agreement").

NOW, THEREFORE, in consideration specified in said Lease and Agreement, the parties hereto do hereby enter into this Memorandum of Lease in accordance with the provisions of General Statute 47-118. The terms of said original Lease are as follows:

- (1) The term of the Lease as extended by the Agreement shall expire on July 31, 2010. The Agreement provides for one (1) additional renewal term of five (5) years, creating a final expiration date of July 31, 2015;
- (2) The real estate which is the subject of the Lease as amended by the Amendment is that certain 58,926 square feet of flex space in the building located at 208 South Rogers Lane, Raleigh, North Carolina 27610; and
- (3) The remaining provisions set forth in the Lease and the Agreement entered into between the hereinabove referenced parties are hereby incorporated into this Memorandum of Lease the same as if herein set out.

EXECUTION PAGES TO FOLLOW

IN TESTIMONY WHEREOF, the parties hereto have caused this Memorandum of Lease to be executed.

LANDLORD:

EASTPARK GROUP II, L.L.C.

By: Capital Associates Limited Partnership, a

By: _____
Hugh D. Little, General Partner

TENANT:

ELSTER ELECTRICITY, LLC

By: _____
Name: _____
Title: _____

STATE OF NORTH CAROLINA)
COUNTY OF _____)

I, _____, a Notary Public of _____
County, State of North Carolina, do hereby certify that
_____, Manager of EASTPARK GROUP, II, L.L.C., a North
Carolina Limited Liability Company, personally appeared before me this day and
acknowledged the due execution of the foregoing instrument for and on behalf of
said limited liability company.

WITNESS my hand and notarial seal or stamp, this ___ day of
_____,

Notary Public

My Commission Expires:

[Notarial Seal/Stamp]

STATE OF NORTH CAROLINA)
COUNTY OF _____)

I, _____, a Notary Public of _____
County, State of North Carolina, do hereby certify that
_____, Member of ELSTER ELECTRICITY, LLC, a Delaware
Limited Liability Company, personally appeared before me this day and
acknowledged the due execution of the foregoing instrument for and on behalf of
said limited liability company.

WITNESS my hand and notarial seal or stamp, this ___ day of
_____,

Notary Public

My Commission Expires:

[Notarial Seal/Stamp]

EXHIBIT G-1

RENEWAL OPTION

As long as Tenant is not in default in the performance of its covenants
under this Lease at the time of exercise of this renewal option or at the time
of commencement of the renewal, then Tenant is granted the option to renew the
Term of this Lease for a period of five (5) additional years (the "Renewal
Term"), to commence at the expiration of the Term of this Lease. Tenant shall
exercise its option to renew by delivering written notice of such election to
Landlord at least twelve (12) months prior to the expiration of the Term. The
renewal of this Lease shall be upon the same terms and conditions of this Lease,

except (a) the Base Rent during the Renewal Term shall be the current rental rate Tenant is then paying, escalated by three percent (3%) per year commencing with the scheduled escalation (May 1st) during the first (1st) year of the Renewal Term, and continuing for each year thereafter (May 1st of each subsequent year) during the Renewal Term, (b) Tenant shall have o option to renew this Lease beyond the expiration of the Renewal Term, (c) Tenant shall not have the right to assign its renewal rights to any subtenant of the Leased Premises or assignee of the Lease, nor may any such subtenant or assignee exercise such renewal rights, (d) the leasehold improvements will be provided in their then existing condition (on an "as it" basis) at the time the Renewal Term commences, and(e) the amount of the Letter of Credit during the Renewal Term shall be as follows (and remain in place for ninety [90] days beyond the end of the Renewal Term):

<TABLE>
<CAPTION>

	Dates	Amount of Letter of Credit
<S>	8/1/10 through 7/31/11	<C> \$1,341,555.00
	8/1/11 through 7/31/12	\$1,222,363.00
	8/1/12 through 7/31/13	\$1,094,812.00
	8/1/13 through 7/31/14	\$902,125.00
	8/1/14 through 10/31/15	\$638,818.00

</TABLE>

ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT (this "Assignment") is made as of the 23 day of December, 2003 by GLADSTONE COMMERCIAL LIMITED PARTNERSHIP, a Delaware limited partnership ("Assignor"), in favor of ELSTER ELECTRICITY, 208 SOUTH ROGERS LANE, RALEIGH, NC LLC, a Delaware limited liability company ("Assignee").

WITNESSETH

WHEREAS, Pursuant to that certain Purchase Agreement dated as of the 3rd day of December, 2003 (the "Contract") by and between Eastpark Group II, L.L.C., a North Carolina limited liability company ("Seller"), as seller, and Assignor, as purchaser, Assignor agreed to acquire from Seller certain real property commonly known as 208 South Rogers Lane, Raleigh, NC and more particularly described in the Contract (the "Premises"); and

WHEREAS, Assignor desires to assign to Assignee its right, title and interest in and to the Contract, and Assignee desires to acquire Assignor's right, title and interest in and to the Contract.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) paid by Assignee to Assignor, the promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby transfers, assigns, conveys and sets over unto Assignee all of Assignor's right, title and interest in and to the Contract.
2. Assumption. Assignee hereby accepts the foregoing assignment of, and assumes, Assignor's right, title and interest in and to the Contract and agrees to be bound by and subject to all of the terms, covenants and conditions of the Contract.
3. Representations and Warranties. Assignor hereby represents and warrants that as of the date hereof:
 - (a) Assignor has performed all of the obligations and responsibilities of Assignor as the acquiror under the Contract.
 - (b) Assignor has not previously assigned the Contract to any third party. Assignor has full power, capacity and authority to sell, transfer and assign its rights under the Contract to Assignee as provided in this Assignment.

(c) The form of Contract attached hereto as Exhibit A is a true, correct and complete copy of the Contract, which Contract is in full force and effect as of the date hereof, and has not been modified or amended.

(d) The Contract sets forth the entire agreement between Assignor and Seller relating to the transfer of the Premises, and there are no other agreements, written or oral, relating to the conveyance of the Premises.

(e) The Contract is valid and in full force and effect and, to the best of Assignor's knowledge, neither Assignor nor Seller is in default thereunder. To the best of Assignor's knowledge, Seller has no defense, offset or counterclaim against Assignor arising out of the Contract or in any way relating thereto, or arising out of any other transaction between Seller and Assignor, and no event has occurred and no condition exists which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Contract. To the best of Assignor's knowledge, there are no events currently existing which give Seller the right to cancel the Contract.

(f) No notice of termination has been given by Assignor or Seller with respect to the Contract.

(g) To the best of Assignor's knowledge, there are no disputes between Assignor and Seller with respect to any obligations due under the Contract or with respect to any provision of the Contract.

(h) Assignor is not currently a petitioner in any bankruptcy proceeding or state insolvency proceeding.

4. Indemnification.

(a) Assignor hereby agrees to indemnify and hold Assignee harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignee in connection with (A) obligations and responsibilities required to be performed by Assignor under the Contract and relating to any period prior to the date first above written, (B) all liabilities of Assignor arising under the Contract prior to the date first above written, and (C) Assignor's breach of any of the representations and warranties set forth in this Assignment, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignee in connection with any action, suit, proceeding, demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(a).

(b) Assignee hereby agrees to indemnify and hold Assignor harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignor in connection with (A) obligations and responsibilities required to be performed by Assignee under the Contract and relating to any period on or after the date first above written, and (B) all liabilities of Assignee arising under the Contract from and after the date first above written, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignor in connection with any action, suit, proceeding,

demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(b).

5. Binding Effect. This Assignment shall not be effective and binding unless and until fully executed by each of the parties hereto and delivered. All of the covenants contained in this Assignment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, and permitted successors and assigns.

6. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument; provided, however, in no event shall this Assignment be effective unless and until signed by all parties hereto.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption of Purchase Agreement by their duly authorized officers.

ASSIGNOR

GLADSTONE COMMERCIAL LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: GLADSTONE COMMERCIAL
CORPORATION,
a Delaware corporation, its general partner

By: /s/ Arthur S. Cooper

Name: Arthur S. Cooper
Title: Principal

ASSIGNEE

ELSTER ELECTRICITY, 208 SOUTH ROGERS LANE,
RALEIGH, NC LLC, a Delaware limited liability company

By: GLADSTONE COMMERCIAL LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: GLADSTONE COMMERCIAL
CORPORATION,
a Delaware corporation, its general partner

By: /s/Arthur S. Cooper
Name: Arthur S. Cooper
Title: Principal

Exhibits:

Exhibit A — Purchase Agreement

EXHIBIT A

**PURCHASE CONTRACT
(SEE ATTACHED)**

**ASSIGNMENT AND ASSUMPTION
OF LEASE AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this "Assignment") is made as of the 23 day of December, 2003, by EASTPARK GROUP II, L.L.C., a North Carolina limited liability company ("Assignor"), in favor of ELSTER ELECTRICITY, 208 SOUTH ROGERS LANE, RALEIGH, NC LLC, a Delaware limited liability company ("Assignee"). ABB INC., a Delaware corporation ("Guarantor"), formerly known as both ABB Automation, Inc. and ABB Power T&D Company (the "Original Tenant") hereby joins in the execution of this Assignment for the purpose of acknowledging, ratifying, confirming and reaffirming its obligations under the Lease (as hereinafter defined).

WITNESSETH:

WHEREAS, Assignor and ABB Power T&D Company, a Delaware corporation ("Original Tenant") entered into that certain Lease Agreement dated as of May 6, 1997 (as subsequently modified and assigned by the Modification Agreement defined herein, the "Lease"), pursuant to which Assignor leased to Original Tenant certain property containing approximately 58,926 rentable square feet of flex space at the building located at 208 South Rogers Lane, Raleigh, North Carolina 27610 (the "Premises"); and

WHEREAS, Assignor, ABB, Inc., a Delaware corporation ("ABB"), and ELSTER ELECTRICITY, LLC, a Delaware limited liability company ("Tenant") entered into that certain Lease Assignment, Assumption and Modification Agreement (the "Modification Agreement") dated as of May 1, 2003, pursuant to which ABB assigned all of its right, title and interest in and to the Lease to Tenant; and

WHEREAS, Assignor desires to assign its right, title and interest in and to the Lease to Assignee and Assignee desires to acquire Assignor's right, title and interest in and to the Lease.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) paid by Assignee to Assignor, the promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

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

1. Assumption. Assignee hereby accepts the foregoing assignment of, and assumes Assignor's right, title and interest in and to the Lease and agrees to be bound by and subject to all of the terms, covenants and conditions thereof.

2. Representations and Warranties. Assignor hereby represents and warrants that as of the date hereof:

(a) Assignor has performed all of the obligations and responsibilities of Assignor as the landlord under the Lease.

(b) Assignor has not previously assigned the Lease to any third party. Assignor has full power, capacity and authority to sell, transfer and assign its rights under the Lease to Assignee as provided in this Assignment.

(c) Assignor has not dealt with any agent, broker or other person acting pursuant to express or implied authority of Assignor (each a "Broker"), and no person or entity is entitled to a commission or finder's fee in connection with this Assignment or will be entitled to make any claim against Assignee for a commission or finder's fee by reason of Assignor having engaged such Broker.

(d) Attached hereto as Exhibit A is a true, correct and complete copy of the Lease, which lease is valid and in full force and effect as of the date hereof, and has not been modified or amended except as otherwise expressly set forth on Exhibit A.

(e) The Lease sets forth the entire agreement between Assignor and Tenant relating to the leasing of the Premises, and there are not other agreements, written or oral, relating to the leasing of the Premises.

(f) To the best of Assignor's knowledge, neither Assignor nor Tenant is in default under the Lease. To the best of Assignor's knowledge, Tenant has no defense, offset or counterclaim against Assignor arising out of the Lease or in any way relating thereto, or arising out of any other transaction between Tenant and Assignor, and no event has occurred and no condition exists which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Lease. To the best of Assignor's knowledge, there are no events currently existing which give Tenant the right to cancel the Lease.

(g) No notice of termination has been given by Assignor or by Tenant with respect to the Lease.

(h) All payments due Assignor or Tenant under the Lease through and including the date hereof have been made.

(i) Tenant has not prepaid any Base Rent more than one (1) month in advance, and no cash security deposit (other than the Letter of Credit) is required to be held by or is being held by Assignor in accordance with the terms and provisions of the Lease.

(j) To the best of Assignor's knowledge, there are no disputes between Assignor and Tenant with respect to any rent or other sums due under the Lease or with respect to any provision of the Lease.

(k) Assignor is not currently a petitioner in any bankruptcy proceeding or state insolvency proceeding.

3. Indemnification.

(a) Assignor hereby agrees to indemnify and hold Assignee harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignee in connection with (A) obligations and responsibilities required to be performed by Assignor under the Lease

and relating to any period prior to the date first above written, (B) all liabilities of Assignor arising or accruing under the Lease prior to the date first above written, and (C) breach by Assignor of any of the representations and warranties set forth in this Assignment, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignee in connection with any action, suit, proceeding, demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(a).

(b) Assignee hereby agrees to indemnify and hold Assignor harmless from and against (i) any loss, cost, liability or damage suffered or incurred by Assignor in connection with (A) obligations and responsibilities required to be performed by Assignee under the Lease and relating to any period from and after the date first above written, and (B) all liabilities of Assignee arising and accruing under the Lease from and after the date first above written, and (ii) all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Assignor in connection with any action, suit, proceeding, demand, assessment, or judgment incident to any of the matters indemnified against in this Paragraph 4(b).

4. Guaranty. Upon execution of this Assignment, Guarantor hereby acknowledges and agrees that, in accordance with the terms of the Lease and as set forth in the Modification Agreement, it shall continue to remain liable for the performance of all obligations under the Lease arising or accruing on or before February 28, 2005 (the "Release Date"), the date on which the original term of the Lease was schedule to expire, including but not limited to the payment of all Rent and other sums due to Assignee if Tenant fails to make any such payment when due. Guarantor hereby acknowledges and recognizes Assignee as the landlord under the Lease.

5. Binding Effect. This Assignment shall not be effective and binding unless and until fully executed by each of the parties hereto and delivered. All of the covenants contained in this Assignment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, and permitted successors and assigns.

6. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be an original, but all of which shall constitute one and the same Assignment. Faxed signatures shall have the same binding effect as original signatures, and a faxed Assignment containing the signatures (original or faxed) of the parties shall be binding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

ASSIGNOR:

EASTPARK GROUP II, L.L.C.,
a North Carolina limited liability company

By: Capital Associates Limited Partnership,
a North Carolina limited partnership, Manager

By: /s/ Hugh D. Little

Hugh D. Little, General Partner

[Signatures Continue On Next Page]

**[Signature Page To Assignment and Assumption
of Lease Agreement]**

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

ASSIGNEE:

**ELSTER ELECTRICITY, 208 SOUTH ROGERS
LANE, RALEIGH, NC LLC,**
a Delaware limited liability company

By: GLADSTONE COMMERCIAL LIMITED
PARTNERSHIP, a Delaware limited
partnership, its managing member

By: GLADSTONE COMMERCIAL
CORPORATION, its general partner

By: /s/ Arthur S. Cooper

Name: Arthur S. Cooper
Title: Principal

**[Signature Page To Assignment and Assumption
of Lease Agreement]**

IN WITNESS WHEREOF, the parties have duly executed this Assignment and Assumption of Lease Agreement as of the date first above written.

WITNESS:

GUARANTOR:

ABB INC., a Delaware corporation

By: /s/ A.P. Karlbergs

Name: A.P. Karlbergs
Title: Assistant Secretary

**[Signature Page To Assignment and Assumption
of Lease Agreement]**

EXHIBIT A

**LEASE AGREEMENT
SEE ATTACHED**