

on Tenant's acceptance of Landlord's improvements to the warehouse facility, as set forth in Paragraph 18 herein [Schedule A];

At the end of the first year of said three (3) year lease:

- (A) Tenant shall have the option of leasing only 10,000 square feet of the warehouse space described herein at a monthly rental fee of One Thousand and 00/100 (\$1,000.00) Dollars per month under the same terms and conditions herein prescribed for the remaining term of said lease; or,
- (B) Upon the expiration of the initial one (1) year term of this lease, Tenant shall have the option of continuing to lease 15,000 square feet of the warehouse space described herein at a monthly rental fee of Fourteen Hundred Sixteen and 67/100 (\$1,416.67) Dollars per month under the same terms and conditions herein prescribed for the remaining term of said lease.

4. Option to Renew. In addition to options (A) and (B) of Paragraph 3 hereinabove, Tenant shall have an option to extend for two (2) additional periods of three (3) years, upon the expiration of the term of this lease immediately preceding. It is expressly agreed that the lease price will be subject to renegotiation at the end of each three (3) year period, but in no event shall such renegotiated price exceed Five (5%) Percent per year of the present lease price then existing. The same conditions as herein set forth shall apply to such extended term. If Tenant shall elect to exercise the aforesaid options, it shall do so by giving written notice to Landlord not less than one (1) month prior to the expiration of the term of this lease.

5. Maintenance and Taxes. It is understood and agreed that the Landlord shall maintain in good repair the roof in a safe, sound and usable condition. The Tenant shall provide routine and reasonable maintenance to the exterior walls which enclose that portion of the space existing under the terms of the lease. Landlord shall pay during the term of this lease, promptly as the same shall become due, all real estate taxes and assessments imposed upon the leased premises described herein, said taxes to be based on the amounts which are to be paid by the Landlord for the year 1979. Any increases in the tax above those amounts paid in 1979 are to be paid by Tenant with any decreases in said tax from that period in 1979 to be credited to Tenant. It is expressly understood that should Tenant become obligated to pay any such taxes, such will only be a proportionate share based upon the square footage leased by Tenant as if the entire warehouse facility described herein were used solely for the purpose of warehousing.