

# UNOFFICIAL COPY



**THIS INSTRUMENT  
PREPARED BY AND WHEN  
RECORDED, RETURN TO:**

Doc#: 0633134013 Fee: \$94.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 11/27/2006 09:22 AM Pg: 1 of 36

Christopher T. Nixon, Esq.  
Winstead Sechrest & Minick P.C.  
5400 Renaissance Tower  
1201 Elm Street  
Dallas, Texas 75270

Permanent Tax Identification Number: 08-16-100-034, 08-16-100-035, and 08-16-100-036  
Street Address: 1701 Golf Road, Rolling Meadows, Illinois

## ASSIGNMENT AND SUBORDINATION OF MANAGEMENT AGREEMENT

THIS ASSIGNMENT AND SUBORDINATION OF MANAGEMENT AGREEMENT (this "Assignment"), is made as of November 21, 2006, by **CONTINENTAL TOWERS ASSOCIATES III, LLC**, a Delaware limited liability company, and **CONTINENTAL TOWERS, L.L.C.**, a Delaware limited liability company, jointly and severally as tenants in common (collectively, "Borrower" or "TICS" or individually, a "TIC"), and **PRIME GROUP MANAGEMENT, L.L.C.**, a Delaware limited liability company ("Agent"), and **CWCAPITAL LLC**, a Massachusetts limited liability company (including its successors, transferees and assigns, "Lender").

### RECITALS:

A. This Assignment is being executed in connection with Lender's making a mortgage loan to Borrower in the original principal amount of **ONE HUNDRED FIFTEEN MILLION AND NO/100 DOLLARS (\$115,000,000.00)** (the "Loan").

B. The Loan is evidenced by a Promissory Note (the "Note"), dated of even date herewith, made by Borrower and is secured by, among other things, a Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), dated of even date herewith, granting a first lien on certain real property described on Exhibit A attached hereto and incorporated herein by reference (the "Property") (the Note, the Mortgage and the other documents executed and/or delivered in connection with the Loan are collectively referred to as the "Loan Documents").

C. Pursuant to a certain Management Agreement, dated December 31, 2001, as amended by First Amendment dated January 10, 2006, between Borrower and Agent (the "Management Agreement") (a true and correct copy of which Management Agreement is attached hereto as Exhibit B), Borrower employed Agent exclusively to rent, lease, operate and manage the Property.

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D. Lender requires as a condition to the making of the Loan that Borrower assign the Management Agreement as set forth below and Borrower and Agent agree to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual promises contained in this Assignment, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

1. **Assignment of Management Agreement.** As additional security for the Loan, Borrower hereby conditionally transfers, sets over and assigns to Lender all of Borrower's right, title and interest in and to the Management Agreement, said transfer and assignment to automatically become a present, unconditional assignment, at Lender's option, in the event of a default by Borrower under the Loan Documents and the failure of Borrower to cure such default within any applicable grace period.

2. **Termination.** At such time as the Loan is paid in full and the Mortgage is released of record, this Assignment and all of Lender's right, title and interest hereunder with respect to the Management Agreement shall terminate.

3. **Borrower's Covenants.** Borrower hereby covenants with Lender that during the term of this Assignment: (a) Except as otherwise expressly provided herein, Borrower shall not transfer the responsibility for the management of the Property from Agent to any other person or entity without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed; (b) Borrower shall not terminate or amend any of the terms or provisions of the Management Agreement without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed; and (c) Borrower shall, in the manner provided for in this Assignment, give notice to Lender of any notice or information that Borrower receives which indicates that the Agent is terminating the Management Agreement or that the Agent is otherwise discontinuing its management of the Property.

4. **Agent's Representations.** Agent warrants and represents to Lender as of the date hereof that (a) Agent has agreed to act as manager of the Property pursuant to the Management Agreement, (b) the entire agreement between Agent and Borrower for the management of the Property is evidenced by the Management Agreement, (c) the Management Agreement constitutes the valid and binding agreement of Agent, enforceable in accordance with its terms, and Agent has full authority under all state and local laws and regulations, to perform all of its obligations under the Management Agreement and (d) Borrower is not in default in the performance of any of its obligations under the Management Agreement and all payments and fees required to be paid by Borrower to Agent thereunder have been paid to the date hereof.

5. **Agreement by Borrower and Agent.** Borrower and Agent hereby agree that upon (i) the occurrence of or during the continuance of an Event of Default as defined in the Mortgage, (ii) the gross negligence, malfeasance, or willful misconduct of Manager with respect to the management of the Property, or (iii) the default by Manager under the Management Agreement beyond any applicable cure period thereunder, at the option of Lender exercised by written notice to Borrower and Agent: (a) all rents, security deposits, issues, proceeds and profits of the Property collected by Agent, after payment of all costs and expenses of operating

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the Property (including, without limitation, operating expenses, real estate taxes, insurance premiums, repairs and maintenance and the fees and commissions payable under the Management Agreement), shall be applied in accordance with Lender's written directions to Agent; (b) Lender may exercise its rights under this Assignment and may immediately terminate the Management Agreement and require Agent to transfer its responsibility for the management of the Property to a management company selected by Lender in Lender's sole and absolute discretion (provided, however, notwithstanding the foregoing, upon the default by Agent under the Management Agreement beyond any applicable cure period thereunder (and provided Subsections 5(i) and (ii) hereof are not applicable), Lender shall not have the right to terminate the Management Agreement, but shall have the right to require the Manager to enter into a sub-management agreement with an Agent approved by Lender (which said agreement shall be acceptable to Lender in its sole discretion) such that the sub-manager shall have all of the rights, obligations and responsibilities of the Agent set forth in the Management Agreement from the effective date of such sub-management agreement until the indebtedness evidenced by the managers is paid in full; at which time the term of said sub-management agreement shall automatically expire); and (c) Agent shall, if requested by Lender, continue performance, on behalf of Lender of all of Agent's obligations under the terms of the Management Agreement with respect to the Property, provided Lender sends to Agent the notice set forth in Paragraph 12 hereof and performs or causes to be performed the obligations of Borrower to Agent under the Management Agreement accruing or arising from and after, and with respect to the period commencing upon, the effective date of such notice.

**6. Subordination of Management Agreement and Fees.** Borrower and Agent hereby agree that the Management Agreement and any and all liens, rights (including the right to receive management fees except as specifically set forth in Section 11 hereof) and interests (whether choate or inchoate) owed, claimed or held by Agent in and to the Property and the rent and revenue generated therefrom, are and shall be in all respects subordinate and inferior to the liens and security interests created or to be created for the benefit of Lender, its successors and assigns, and securing the repayment of the Note including, without limitation, those created under the Mortgage covering, among other things, the Property, and filed or to be filed of record in the public records maintained for the recording of mortgages in the jurisdiction where the Property is located, and all renewals, extensions, increases, supplements, amendments, modifications and replacements thereof.

**7. Consent and Agreement by Agent.** Agent hereby acknowledges and consents to this Assignment and agrees that Agent will act in conformity with the provisions of this Assignment and Lender's rights hereunder or otherwise related to the Management Agreement. In the event that the responsibility for the management of the Property is transferred from Agent in accordance with the provisions hereof, Agent shall, and hereby agrees to, fully cooperate in transferring its responsibility to a new management company and effectuate such transfer no later than thirty (30) days from the date the Management Agreement is terminated. Further, Agent hereby agrees (a) not to contest or impede the exercise by Lender of any right it has under or in connection with this Assignment; and (b) that it shall, in the manner provided for in this Assignment, give at least thirty (30) days prior written notice to Lender of its intention to terminate the Management Agreement or otherwise discontinue its management of the Property.

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8. **Lender's Agreement.** So long as Borrower is not in default (beyond any applicable grace period) under any of the Loan Documents, Lender agrees to permit any sums due to Borrower under the Management Agreement to be paid directly to Borrower.

9. **No Joint Venture.** Lender has no obligation to Agent with respect to the Mortgage or Loan Documents and Agent shall not be a third party beneficiary with respect to any of Lender's obligations to Borrower set forth in the Loan Documents. The relationship of Lender to Borrower, is one of a creditor to a debtor, and Lender is not a joint venturer or partner of Borrower.

10. **Lender's Reliance on Representations.** Agent has executed this Agreement in order to induce Lender to accept the Mortgage and the Loan Documents and with full knowledge that Lender shall rely upon the representations, warranties and agreements herein contained, and that but for this Assignment and the representations, warranties and agreements herein contained, Lender would not take such actions.

11. **Manager's Compensation.** Agent agrees that, notwithstanding anything to the contrary contained in the Management Agreement, Agent shall not be entitled to receive compensation for its services conducted in connection with the Property in excess of 3% of gross rent collected from the Property except as expressly provided below. Agent agrees that the leasing commissions and any and all other compensation set forth in the Management Agreement in excess of 3% of gross rents collected from the Property may only be paid from available cash flow from the Property after Borrower has paid all other fees and expenses related to the Property, including, but not limited to, principal and interest payments under the Note, all reserves required to be paid under the Loan Documents and all operating expenses due with respect to the Property.

12. **Notice.** All notices given hereunder shall be in writing and shall be either hand delivered or mailed, by registered U.S. mail, Return Receipt Requested, first class postage prepaid, to the parties at their respective addresses below or at such other address for any party as such party may designate by notice to the other parties hereto:

To Borrower: Continental Towers Associates III, LLC  
c/o Prime Group Realty Trust  
77 West Wacker Drive, Suite 3900  
Chicago, Illinois 60601  
Attention: James Hoffman

Continental Towers, L.L.C.  
c/o Prime Group Realty Trust  
77 West Wacker Drive, Suite 3900  
Chicago, Illinois 60601  
Attention: Jeffrey Patterson

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To Lender: CWCapital LLC  
 One Charles River Place  
 63 Kendrick Street  
 Needham, Massachusetts 02494  
 Attention: Legal Division  
 Re: Continental Towers  
 Telecopier: (781) 707-9397

with a copy to: CWCapital LLC  
 One Charles River Place  
 63 Kendrick Street  
 Needham, Massachusetts 02494  
 Attention: Loan Administration  
 Re: Continental Towers  
 Telecopier: (781) 707-9397

or any other servicer of the Loan

To Agent: Prime Group Management, L.L.C.  
 c/o Prime Group Realty Trust  
 77 West Wacker Drive, Suite 3900  
 Chicago, Illinois 60601  
 Attention: Paul G. Del Vecchio

with copies to: Winston & Strawn LLP  
 Attention: Christine Graff  
 35 W. Wacker Drive  
 Chicago, Illinois 60601-9703

Prime Group Management, L.L.C.  
 c/o Prime Group Realty Trust  
 77 West Wacker Drive, Suite 3900  
 Chicago, Illinois 60601  
 Attention: James Hoffman

Prime Group Management, L.L.C.  
 c/o Prime Group Realty Trust  
 77 West Wacker Drive, Suite 3900  
 Chicago, Illinois 60601  
 Attention: Jeffrey Patterson

**13. Binding Nature of Assignment.** This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be deemed to be an amendment to the Management Agreement for so long as any portion of the Loan is outstanding and to the extent there are any inconsistencies between this Assignment and the Management Agreement, the terms of this Assignment shall control.

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14. **Counterparts.** This Assignment may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

15. **Transfers.** The transfer of the responsibility for the management of the Property from Agent to an entity wholly owned and wholly controlled by Prime Group Realty, L.P., a Delaware limited partnership, shall not require Lender's prior written consent provided that each of the following conditions precedent are satisfied:

- (a) No Event of Default shall have occurred and remain uncured;
- (b) The proposed transferee ("**Transferee**") shall be a reputable entity or person of good character, creditworthy, with sufficient financial worth considering the obligations assumed and undertaken, as evidenced by financial statements and other information reasonably requested by Lender (but in no event with a financial worth less than Agent), and with an organizational structure and documentation reasonably acceptable to Lender;
- (c) Borrower provides to Lender fifteen (15) days prior written notice of the proposed transfer of the Management Agreement to Transferee;
- (d) The Transferee shall have sufficient experience in the ownership and management of properties similar to the Property, and Lender shall be provided with reasonable evidence thereof;
- (e) The Transferee shall have executed and delivered to Lender an assumption agreement in form and substance reasonably acceptable to Lender, evidencing such Transferee's agreement to abide and be bound by the terms of the Management Agreement, and an Assignment and Subordination of Management Agreement in form and substance reasonably acceptable to Lender;
- (f) Such transfer is not construed so as to relieve Agent for any acts or events occurring or obligations arising prior to or simultaneously with the closing of such transfer. Agent shall be released from and relieved of any liability under the Management Agreement for any acts or events occurring or obligations arising after the closing of such sale or transfer which are not caused by or arising out of any acts or events occurring or obligations arising prior to or simultaneously with the closing of such transfer; and
- (g) Lender shall have received all reasonable costs and expenses actually incurred by Lender (including reasonable attorneys' fees and costs) in connection with such transfer.

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IN WITNESS WHEREOF, the undersigned have executed this Assignment on the date and year first written above.


**BORROWER:**

**CONTINENTAL TOWERS ASSOCIATES III, LLC**, a Delaware limited liability company

By: **CONTINENTAL TOWERS ASSOCIATES II, LLC**, a Delaware limited liability company, its sole member

By: **CTA GENERAL PARTNER, LLC**, a Delaware limited liability company, its sole member


By: **CTA MEMBER, INC.**, a Delaware corporation, its managing member

By:   
Name: Yochanan Danziger,  
by Paul G. Del Vecchio,  
Attorney-In-Fact  
Title: President

**CONTINENTAL TOWERS, L.L.C.**, a Delaware limited liability company

By: **CTA GENERAL PARTNER, LLC**, a Delaware limited liability company, its sole member

By: **CTA MEMBER, INC.**, a Delaware corporation, its managing member

By:   
Name: Yochanan Danziger,  
by Paul G. Del Vecchio,  
Attorney-In-Fact  
Title: President

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STATE OF ILLINOIS

§

COUNTY OF COOK

§

§

This instrument was ACKNOWLEDGED before me on November 17, 2006, by PAUL G. DEL VECCHIO, Attorney-In-Fact for YOCHANAN DANZIGER, the President of CTA MEMBER, INC., a Delaware corporation, as managing member of CTA GENERAL PARTNER, LLC, a Delaware limited liability company, as the sole member of CONTINENTAL TOWERS ASSOCIATES II, LLC, a Delaware limited liability company, as the sole member of CONTINENTAL TOWERS ASSOCIATES III, LLC, a Delaware limited liability company, on behalf of said limited liability company.

[S E A L]

My Commission Expires:

5-4-09

Melita Strickland  
Notary Public, State of Illinois

MELITA STRICKLAND  
Printed Name of Notary Public



STATE OF ILLINOIS

§

COUNTY OF COOK

§

§

This instrument was ACKNOWLEDGED before me on November 17, 2006 by PAUL G. DEL VECCHIO, Attorney-In-Fact for YOCHANAN DANZIGER, the President of CTA MEMBER, INC., a Delaware corporation, as managing member of CTA GENERAL PARTNER, LLC, a Delaware limited liability company, as sole member of CONTINENTAL TOWERS, L.L.C., a Delaware limited liability company, on behalf of said limited liability company.

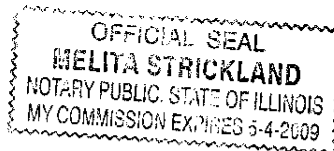
[S E A L]

My Commission Expires:

5-4-09

Melita Strickland  
Notary Public, State of Illinois

MELITA STRICKLAND  
Printed Name of Notary Public






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**LENDER:**

**CWCAPITAL LLC,**  
a Massachusetts limited liability company

By:   
Name: \_\_\_\_\_  
Title: **JEFFREY M. GOODMAN**  
**Executive Vice President**

Property of Cook County Clerk's Office

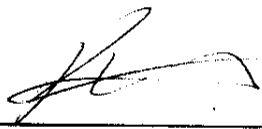
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**AGENT:**

**PRIME GROUP MANAGEMENT, L.L.C.,**  
a Delaware limited liability company

By: **PRIME GROUP REALTY, L.P.,**  
a Delaware limited partnership,  
its Sole Member

By: **PRIME GROUP REALTY TRUST,**  
a Maryland Real Estate Investment Trust,  
its General Partner

By:   
Name: Paul G. Del Vecchio,  
Title: Senior Vice President -  
Capital Markets

Property of Cook County Clerk's Office

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STATE OF ILLINOIS

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§

COUNTY OF COOK

This instrument was ACKNOWLEDGED before me on November 17, 2006, Paul G. Del Vecchio, Senior Vice President - Capital Markets, of PRIME GROUP REALTY TRUST, a Maryland Real Estate Investment Trust, the General Partner of PRIME GROUP REALTY, L.P., a Delaware limited partnership, the Sole Member of PRIME GROUP MANAGEMENT, L.L.C., a Delaware limited liability company, on behalf of said limited liability company.

[S E A L]

Notary Public

My Commission Expires:

5-4-09

MELITA STRICKLAND

Printed Name of Notary Public



Attachment

- Exhibit A      Legal Description
- Exhibit B      Management Agreement

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## EXHIBIT A

### Legal Description

#### Parcel 1:

Lots 1 and 2 in CASATI-HEISE SUBDIVISION, being a subdivision of part of the Northeast 1/4 of Section 17 and part of the Northwest 1/4 of Section 16, both in Township 41 North, Range 11 East of the Third Principal Meridian in Cook County, Illinois according to the plat thereof recorded December 27, 1988 as Document Number 88592766, (excepting therefrom that part of Lot 1 dedicated for roadway purposes according to plat recorded December 2, 2002 as Document Number 0021325095), in Cook County, Illinois.

#### Parcel 2:

Easements appurtenant to and for the benefit of Parcels 1 and 4, as created and granted and set forth in easement agreement dated as of September 23, 1977 and recorded October 10, 1978 as Document Number 24662689 and as amended by Amendment to Easement Agreement dated as of May 15, 1980 and recorded June 10, 1980 and recorded as Document Number 25482426 upon, over, and under portions of Lots 1 to 6, inclusive, in Heise's Subdivision, a subdivision of part of the Northwest 1/4 of Section 16, Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois, according to the plat thereof recorded December 23, 1977 as Document 24119807 and also over, upon and under portions of that part of the Northeast 1/4 of Section 17, Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois described as follows:

Commencing at the Northeast Corner of the Northeast 1/4 of Section 17; thence Southerly along the east line of said Northeast 1/4 of Section 17, a distance of 80.0 feet to the southerly right-of-way of Golf Road (State Route 58), as dedicated and recorded September 24, 1929 as Document Numbers 10488005 and 10488006; thence South 89 Degrees, 08 Minutes West along said southerly right-of-way of Golf Road (State Route 58), 691.05 feet for a Point of Beginning; Thence South 0 Degrees, 52 Minutes East, 265.0 feet; thence South 89 Degrees, 08 Minutes West parallel with said southerly right-of-way of Golf Road (State Route 58) 196.11 feet; thence North 0 Degrees, 27 Minutes, 20 Seconds East parallel with the west line of Schwake's Subdivision recorded August 11, 1970 as Document 21235091, now vacated, 265.07 feet to said southerly right-of-way of Golf Road (State Route 58); thence North 89 Degrees, 08 Minutes East, along said southerly right-of-way of Golf Road (State Route 58), 190.0 feet to the Point of Beginning, all in Cook County, Illinois, for the operation, maintenance, repair, replacement, relocation and removal of a water supply line, sewer and other utilities, in Cook County, Illinois.

#### Parcel 3:

Easements appurtenant to and for the benefit of Parcels 1 and 4, as created and granted and set forth in Reciprocal Easement and Common Wall Agreement dated as of September 23, 1977 and recorded October 10, 1978 as Document Number 24662688 and as amended by Agreement thereto dated as of November 21, 1979 and recorded December 17, 1979 as Document Number 25284791 upon and under portions that part of the Northeast 1/4 of Section 17, Township 41

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North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois described as follows:

Commencing at the Northeast Corner of the Northeast 1/4 of Section 17; thence Southerly along the east line of said Northeast 1/4 of Section 17, a distance of 80.0 feet to the southerly right-of-way of Golf Road (State Route 58), as dedicated and recorded September 24, 1929 as Document Numbers 10488005 and 10488006; thence South 89 Degrees, 08 Minutes West along said southerly right-of-way of Golf Road (State Route 58), 691.05 feet for a Point of Beginning; Thence South 0 Degrees, 52 Minutes East, 265.0 feet; thence South 89 Degrees, 08 Minutes West parallel with said southerly right-of-way of Golf Road (State Route 58) 196.11 feet; thence North 0 Degrees, 27 Minutes, 20 Seconds East parallel with the west line of Schwake's Subdivision recorded August 11, 1970 as Document 21235091, now vacated, 265.07 feet to said southerly right-of-way of Golf Road (State Route 58); thence North 89 Degrees, 08 Minutes East, along said southerly right-of-way of Golf Road (State Route 58), 190.0 feet to the Point of Beginning, all in Cook County, Illinois, for the operation, maintenance, repair, replacement, relocation and removal of a water supply line, sewer and other utilities, in Cook County, Illinois.

Parcel 4:

Lot 3 in CASATI-HEISE SUBDIVISION, being a subdivision of part of the Northeast 1/4 of Section 17 and part of the Northwest 1/4 of Section 16, both in Township 41 North, Range 11 East of the Third Principal Meridian in Cook County, Illinois according to the plat thereof recorded December 27, 1988 as Document Number 88592766, in Cook County, Illinois.

Street Address: 1701 Golf Road

Permanent Tax Identification Numbers: 08-16-100-034, 08-16-100-035, and 08-16-100-036.

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## EXHIBIT B

### MANAGEMENT AGREEMENT

Property of Cook County Clerk's Office

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43412-20 11/20/2006

EXHIBIT B, Management Agreement - Cover Page  
43412-20/Continental Towers

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## ASSIGNMENT OF MANAGEMENT AGREEMENT

THIS ASSIGNMENT OF MANAGEMENT AGREEMENT (this "Assignment") is made and entered into as of the 21st day of November, 2006, by and between **CONTINENTAL TOWERS ASSOCIATES – I, L.P.**, an Illinois limited partnership (hereinafter called "Assignor") and **CONTINENTAL TOWERS ASSOCIATES III, LLC**, a Delaware limited liability company (hereinafter called "Assignee").

### RECITALS:

A. On December 31, 2001, Assignor and Prime Group Management, L.L.C. ("Manager") entered into that certain Management Agreement (the "Original Management Agreement") pursuant to which Manager manages and operates a portion of the property commonly known as Continental Towers and located at 1701 Golf Road, Rolling Meadows, Illinois.

B. On January 10, 2006, the Original Management Agreement was amended by that certain First Amendment to Management Agreement among Assignor and Continental Towers, L.L.C., collectively as "Co-Owners", and Manager, (the "First Amendment"; the First Amendment together with the Original Management Agreement are collectively the "Management Agreement") pursuant to which Continental Towers, L.L.C. was added as a party to the Management Agreement and certain agreements were modified.

C. Assignor desires to assign to Assignee all of Assignor's right, title and interest in, to and under the Management Agreement, and Assignee desires to accept such assignment and observe all of the terms, covenants, agreements and conditions contained in the Management Agreement on Assignor's part to be kept, performed and observed and which shall accrue from and after the date of this Assignment, subject to the terms, covenants and conditions contained in the Management Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all right, title and interest of Assignor in, to and under the Management Agreement, subject to the terms, covenants and conditions of the Management Agreement. Assignee hereby accepts such assignment and assumes and agrees to keep, perform and observe all of the terms, covenants, agreements and conditions contained in the Management Agreement, on Assignor's part to be kept, performed and observed and which shall accrue from and after the date of this Assignment, subject to the terms, covenants and conditions contained in the Management Agreement.

2. Assignor agrees to defend, indemnify and hold harmless Assignee from and against any and all claims, demands, actions, losses, costs, damages, or expenses (including, without limitation, reasonable attorneys' fees and court costs) sustained by Assignee arising from or related to defaults in Assignor's performance of its obligations under the Management

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Agreement which accrued prior to the date hereof. Assignee agrees to defend, indemnify and hold harmless Assignor from and against any and all claims, demands, actions, losses, costs, damages or expenses (including, without limitation, reasonable attorneys' fees and court costs) sustained by Assignor arising from or related to defaults in Assignee's performance of its obligations under the Management Agreement which accrue from and after the date hereof.

3. This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois.

4. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

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

[Signature page follows.]



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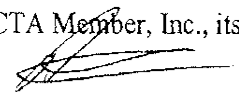
IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first above written.

**Assignor:**

CONTINENTAL TOWERS ASSOCIATES – I,  
L.P., an Illinois limited partnership

By: CTA General Partner, LLC, its general partner

By: CTA Member, Inc., its managing member

By:   
Name: *Yashwanth Venkiger, by Paul Del*  
Its: *Resident Venkiger, Attorney in Fact*


**Assignee:**

CONTINENTAL TOWERS ASSOCIATES III,  
LLC, a Delaware limited liability company

By: Continental Towers Associates II, LLC, its sole member

By: CTA General Partner, LLC, its managing member

By: CTA Member, Inc., its managing member

By:   
Name: *Yashwanth Venkiger, by Paul Del Venkiger*  
Its: *Resident Attorney in Fact*

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## **FIRST AMENDMENT TO MANAGEMENT AGREEMENT**

This First Amendment to Management Agreement is dated as of January 10, 2006 (this "Amendment") by and between **CONTINENTAL TOWERS ASSOCIATES-I, L.P.**, an Illinois limited partnership ("CTA"), **CONTINENTAL TOWERS, L.L.C.**, a Delaware limited liability company ("Newco") (CTA and Newco are collectively referred to herein as the "Co-Owners"), and **PRIME GROUP MANAGEMENT, L.L.C.**, a Delaware limited liability company ("Manager").

### **RECITALS**

**WHEREAS**, CTA and Manager entered into that certain Management Agreement (the "Agreement") dated as of December 31, 2001 pursuant to which CTA, as the sole beneficiary under the Land Trusts (as defined in the Agreement) which owned the real property and office building complex commonly known as Continental Towers, 1701 Golf Road, Rolling Meadows, Illinois, identified on Schedule A to the Agreement (the "Facility"), engaged Manager to operate the Facility on the terms and subject to the conditions set forth in the Agreement; and

**WHEREAS**, CTA terminated the Land Trusts and transferred a 64% undivided interest in the Facility to Newco as a tenant in common; and

**WHEREAS**, the Co-Owners entered into that certain Co-Ownership Agreement (the "Co-Ownership Agreement") dated as of the date heretofore to provide for the orderly administration of their rights and responsibilities as to each other and as to others and to provide for the operation and management of the Facility; and

**WHEREAS**, the parties hereto have now agreed to make certain changes to the Agreement consistent herewith. Capitalized terms used herein shall have the same meaning as in the Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The first sentence of Section 1(a) of the Agreement is hereby deleted and the following inserted in lieu thereof: "Co-Owners hereby engage Manager to operate the Facility and Manager hereby accepts such engagement and, subject to the conditions set forth in this Agreement and the Co-Ownership Agreement, agrees to operate the Facility, at Co-Owners' expense, so as to provide all services required by applicable law and regulations and by the terms set forth in this Agreement."

2. All references to "Beneficiary" in the Agreement are hereby deleted and the term "Co-Owners" inserted in lieu thereof.

3. Section 9 of the Agreement is hereby modified by deleting the notice addresses set forth therein for Beneficiary and inserting the following in lieu thereof:

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"If to CTA:

Continental Towers Associates-I, L.P.  
c/o CTA General Partner, LLC  
c/o Prime Group Realty Trust  
77 West Wacker Drive  
Suite 3900  
Chicago, Illinois 60601  
Attn: Jeffrey A. Patterson

With a copy to:

Prime Group Realty Trust  
77 West Wacker Drive  
Suite 3900  
Chicago, Illinois 60601  
Attn: James F. Hoffman

And a copy to:

Richard A. Heise  
5317 West Cullom Avenue  
Chicago, Illinois 60641

If to Newco:

Continental Towers, L.L.C.  
c/o CTA General Partner, LLC  
c/o Prime Group Realty Trust  
77 West Wacker Drive  
Suite 3900  
Chicago, Illinois 60601  
Attn: Jeffrey A. Patterson

With a copy to:

Prime Group Realty Trust  
77 West Wacker Drive  
Suite 3900  
Chicago, Illinois 60601  
Attn: James F. Hoffman"

4. Section 12 of the Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"12. Contract Modifications for Certain Legal Events. In the event any state or federal laws or regulations, whether now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel of both parties in such a manner as to indicate that the structure of this

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Agreement may be in violation of such laws or regulations, Co-Owners and Manager agree to cooperate in restructuring their relationship and this Agreement to eliminate such violation or to reduce the risk thereof to the extent such restructuring can be accomplished upon commercially reasonable terms; provided, that any such restructuring shall, to the maximum extent possible, preserve the underlying economic and financial arrangements between Co-Owners and Manager. The parties agree that such amendment may require either or both parties to obtain appropriate regulatory licenses and approvals."

5. Except as modified herein, each and every provision of the Contract shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date first above stated.

CTA:

**CONTINENTAL TOWERS ASSOCIATES-I, L.P.**,  
an Illinois limited partnership

By: **CTA GENERAL PARTNER LLC**, a  
Delaware limited liability company, its general  
partner

By: **CTA MEMBER, INC.**, a Delaware  
corporation, its Managing Member

By: *Yochanan Danziger*  
Name: *Yochanan Danziger* by *Paul G. Del Vecchio*, Attorney in Fact  
Its: *President*

NEWCO:

**CONTINENTAL TOWERS, L.L.C.**, a Delaware  
limited liability company

By: **CTA GENERAL PARTNER, LLC**, a  
Delaware limited liability company, its sole  
member

By: **CTA MEMBER, INC.**, a Delaware  
corporation, its Managing Member

By: *Yochanan Danziger*  
Name: *Yochanan Danziger* by *Paul G. Del Vecchio*, Attorney in Fact  
Its: *President*

MANAGER:

**PRIME GROUP MANAGEMENT, L.L.C.**, a  
Delaware limited liability company

By: Prime Group Realty, L.P., its sole member

By: Prime Group Realty Trust, its managing  
general partner.

By: *Jeffrey A. Patterson*  
Name: *Jeffrey A. Patterson*  
Its: *President and CEO*

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NO. 487 P. 27

## MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement"), dated as of December 31, 2001, is made and entered into by and between CONTINENTAL TOWERS ASSOCIATES-L, L.P. ("Beneficiary"), an Illinois limited partnership and the beneficiary of LaSalle Bank National Association (as successor trustee to American National Bank and Trust Company of Chicago) Trust No. 40935 established pursuant to a Trust Agreement dated July 26, 1997 and LaSalle Bank National Association (as successor trustee to American National Bank and Trust Company of Chicago) Trust No. 5602 established pursuant to a Trust Agreement dated September 27, 1976 (the "Land Trustee"), and PRIME GROUP MANAGEMENT, L.L.C., a Delaware limited liability company ("Manager").

### RECITALS:

WHEREAS, Beneficiary is the sole beneficiary under the Land Trusts which own the real property and office building complex commonly known as Continental Towers, 1701 Golf Road, Rolling Meadows, Illinois, identified on Schedule A hereto (the "Facility"); and

WHEREAS, Manager is experienced and qualified in the business of owning and operating an office complex such as the Facility, and Beneficiary desires to engage Manager to operate the Facility; and

WHEREAS, Manager is willing to operate the Facility on the terms and subject to the conditions set forth in this Agreement.

### AGREEMENTS

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Responsibilities of Manager.

(a) Beneficiary hereby engages Manager to operate the Facility, and Manager hereby accepts such engagement and, subject to the conditions set forth in this Agreement, agrees to operate the Facility, at Beneficiary's expense, so as to provide all services required by applicable law and regulations and by the terms set forth in this Agreement. During the term of this Agreement, Manager shall have full authority to operate and manage the Facility as a Class A office building complex in accordance with applicable law and regulations and the terms and conditions hereof, and shall have full and complete control and reign over, and use of, the entire Facility, including its common areas. Without limiting the generality of the foregoing, Manager shall have full authority and responsibility as follows:

(i) Operational Policies and Forms. Manager shall establish and implement such operational policies and procedures, and develop such new policies and procedures, as Manager may deem necessary to cause or to ensure the establishment and maintenance of operational standards appropriate for a Class A office building complex.

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(ii) Information. Manager shall develop any informational material, mass media releases, and other related publicity materials, that it deems necessary for the operation of the Facility.

(iii) Regulatory Compliance. Manager shall use commercially reasonable efforts to maintain all licenses, permits, qualifications and approvals from any applicable governmental or regulatory authority required for the operation of the Facility, to operate the Facility in compliance with all applicable laws and regulations, and to comply with such laws and regulations in performing Manager's obligations under this Agreement. In addition, Manager shall supervise and coordinate the preparation and filing of (and, where required to do so under applicable law or regulations, file) all reports or other information required by all state or other governmental agencies having jurisdiction over the Facility and shall deliver copies of all such reports and information to Beneficiary simultaneously with such filings. Manager shall cooperate with governmental inspection and enforcement activities.

(iv) Equipment, Improvements, Refurbishment and Redevelopment. Manager shall, on behalf of Beneficiary, acquire or effect the acquisition of equipment and improvements which are needed to maintain or upgrade the quality of the Facility or its services, to replace obsolete or run-down equipment, or to correct any other deficiencies which may be identified by Manager during the term of this Agreement, and shall make, or engage third parties to make, all such repairs, replacements and maintenance and shall cause to be acquired all necessary equipment, including replacement equipment. Manager shall have the authority to refurbish and redevelop the Facility in order to maintain it as a Class A office building complex provided that the funds to pay any expenses or expenditures in connection therewith will be available either from (1) operating revenues of the Facility or (2) the proceeds of borrowings where the lender's recourse is limited to Beneficiary's interest in the Facility.

(v) Accounting. Manager shall supervise and coordinate accounting support to, and prepare and maintain records for, the Facility, including the following:

- a) a monthly balance sheet and statement of operations for the Facility, to be submitted to Beneficiary within forty five (45) days after the end of each calendar month;
- b) tenant billing records;
- c) accounts receivable and collection records;
- d) accounts payable records;
- e) all payroll functions, including preparation of payroll checks, establishment of depository accounts for withholding taxes, payment of such taxes (at Beneficiary's sole expense), filing of payroll reports and the issuance of W-2 forms to all employees;
- f) a complete general ledger for the purposes of recording and summarizing all transactions for the Facility; and
- g) the preparation and filing of all necessary reports as required by any and all governmental authorities having jurisdiction over the Facility or the operation thereof (including, but not limited to, the Manager) and the simultaneous provision of copies thereof to Beneficiary. Manager shall file, on its

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own behalf or on behalf of Beneficiary, all such reports as are required to be filed by Manager or Beneficiary.

All accounting procedures and systems utilized in providing said support shall be in accordance with the operating capital and cash programs developed by Manager, which programs shall conform to generally accepted accounting principles and shall not materially distort income or loss. Nothing herein shall preclude Manager from engaging a third party to assist it in the performance of the accounting duties provided for herein.

(vi) Reports. Manager shall supervise and coordinate the preparation of any reasonable operational information which may from time to time be specifically requested by Beneficiary, including any information and reports needed to assist Beneficiary in completing its tax returns and in complying with any reporting obligations imposed by any mortgagees or lessors of the Facility. In addition, (i) within forty-five (45) days after the end of each calendar month, Manager shall supervise and coordinate the preparation and the delivery to Beneficiary of an unaudited balance sheet of the Facility, dated as of the last day of such month, and unaudited statements of income and expenses and cash flow for such month relating to the operation of the Facility and (ii) within one hundred twenty (120) days after the end of the fiscal year of the Facility, Manager shall supervise and coordinate the preparation and the delivery to Beneficiary of audited financial statements, including a balance sheet of the Facility dated as of the last day of said fiscal year and statements of income and expense, statement of building operations and changes in financial position and an audited statement of cash flow for the fiscal year then ended relating to the operation of the Facility. In addition, Manager shall supervise and coordinate the preparation and the delivery to Beneficiary of monthly occupancy reports and related information with respect to the Facility. All originals of the books, forms and records generated by Manager in connection with the operation of the Facility shall be Manager's property, except that on termination of this Agreement, all such books, forms and records shall be Beneficiary's (or its successor's) property; provided, that Manager shall provide Beneficiary with copies of any of such books, forms and records reasonably requested by Beneficiary.

(vii) Bank Accounts. Manager shall establish an account or accounts and shall deposit therein all money received by Manager on Beneficiary's behalf from the operation of the Facility. Withdrawals and payments from this account shall be made only on checks signed by one or more person or persons designated by Manager. Manager shall give Beneficiary written notice as to the identity of such authorized signatories on such account. All expenses incurred in the operation of the Facility in accordance with the terms of the Annual Budgets (as defined in subsection (xi) below), including, but not limited to, Facility mortgage or lease payments, payroll and employee benefits and payment of Fees (as defined in Section 7 below), shall be paid by check drawn on this account unless directly deducted from the lock box maintained by Beneficiary for the benefit of Mortgagee (as defined in Section 8). Monthly payments shall be made out of this account first to pay any debt service or rent due with respect to the Facility, and next to pay the operating expenses of the Facility in such order of priority as Manager deems appropriate to the operation of the Facility (including the Fees). Any Fees which are not paid when due as a result of an insufficiency of revenues from the Facility to cover the same shall accrue and shall be due and payable promptly by Beneficiary out of cash flow of the Facility.

(viii) Personnel. Manager shall have full power and authority to recruit, hire, train, promote, direct, discipline and fire all Facility personnel; establish salary levels, personnel policies and employee benefits; and establish employee performance standards, all as Manager determines to be necessary or desirable during the term of this Agreement to ensure the efficient and satisfactory operation of all departments within, and all services offered by, the Facility. All of the foregoing obligations shall be undertaken in accordance with the Annual Budgets and



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applicable law and regulations. All of the Facility personnel shall be the employees of Manager, unless otherwise agreed by Beneficiary and Manager, and all salary, bonuses, fringe benefits, payroll taxes and related expenses payable to or in respect of the Facility's on-site personnel shall be expenses of the Property.

(ix) Supplies and Equipment. Manager shall purchase, on behalf of Beneficiary, supplies and non-capital equipment needed to operate the Facility.

(x) Legal Proceedings. Manager shall, through legal counsel designated by Manager, direct all legal matters and proceedings that are within the scope of Manager's authority pursuant to this Agreement, including without limitation, instituting any necessary legal actions or proceedings to collect obligations owing to the Facility, canceling or terminating any contract or agreement relating to the Facility for breach thereof or default thereunder, and otherwise enforce the obligations of the tenants, sponsors, licensees, customers and any other users of the Facility. Without limiting the generality of the foregoing, Manager is authorized (without the prior written consent of Beneficiary) to settle, in the name and on behalf of Beneficiary and on such terms and conditions as Manager may deem to be in the best interests of the Facility, any and all claims or demands arising out of, or in connection with, the operation of the Facility, whether or not legal action has been instituted. All such amounts paid in respect of any such settlements shall be expenses of the Facility. Manager will give notice promptly to Beneficiary of all demands and claims and all settlements and legal actions, but the failure to give such notice shall not affect the preceding provisions of this paragraph. Notwithstanding anything contained in this Agreement to the contrary, (i) no claim, demand or proceeding with respect to which Beneficiary may be potentially exposed to recourse beyond its interest in the Facility or criminal liability shall be settled or compromised without Beneficiary's prior written consent, which shall neither be unreasonably withheld or delayed; and (ii) with respect to any such claim or demand, Beneficiary at its sole cost and expense shall be entitled to select counsel to represent it.

(xi) Annual Budgets.

a) Preparation and submission. At least sixty (60) days prior to each calendar year that commences during the term of this Agreement, Manager shall submit to Beneficiary a proposed annual budget for the Facility projecting the revenues available and funds required during such fiscal year in order to operate the Facility and to make capital improvements necessary or desirable in order to keep the Facility's physical plant in good condition and repair. The proposed annual budget shall be based upon data and information then available to Manager and shall include, without limitation, estimated salaries and fringe benefits for all personnel groups, projected staffing patterns for the Facility, estimates of required capital expenditures and purchases of equipment, supplies, inventory and similar items, and an estimate of the level of rates and charges to tenants of the Facility sufficient to generate revenue necessary to operate the Facility and make the capital improvements projected in such budget. The proposed annual budget shall be an estimate of revenues and costs, and Beneficiary and Manager acknowledge that (1) projected revenue may not be actually received and (2) projected costs may be exceeded by actual expenses and capital expenditures incurred in connection with the operation and maintenance of the Facility. By submitting such a projected budget, Manager will not be deemed to be providing a guarantee or warranty as to the projected revenue, expenses or capital expenditures of the Facility.

b) Adoption. Each annual budget for the Facility as finally established by Manager (including as it may thereafter be revised from time to time during a calendar year by

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Manager by Manager), as the same may be modified by Manager, shall constitute an "Annual Budget" for all purposes under this Agreement.

c) Efforts to Operate within Annual Budget. Manager agrees to use commercially reasonable efforts to operate the Facility in accordance with the Annual Budgets. Subject to the foregoing limitation, Beneficiary shall be responsible on a periodic basis, as and when needed, for all expenses and capital expenditures incurred in connection with the operation and maintenance of the Facility, including, without limitation, Fees and cost overruns which exceed the projections in the then current Annual Budget. Notwithstanding anything in this Agreement, if Manager determines in good faith that the incurrence of any expenditure is required in order to comply with applicable law or regulations, then, with Beneficiary's prior approval, which shall not be unreasonably withheld, Manager shall be entitled to make such expenditures and all such expenditures shall be deemed, for all purposes of this Agreement, to be in accordance with the then current Annual Budget.

(xii) Collection of Accounts. Manager shall issue bills and collect accounts and monies owed for goods and services furnished by the Facility, including, but not limited to, enforcing the rights of Beneficiary and the Facility as creditor under any contract or in connection with the rendering of any services. Any actions taken by Manager to collect said accounts receivable shall be in accordance with the applicable laws, rules and regulations governing the collection of accounts receivable and in accordance with the applicable Annual Budget.

(xiii) Contracts. Subject to Beneficiary's prior approval, Manager shall negotiate, enter into, secure, cancel and/or terminate such agreements and contracts which Manager may deem necessary or advisable for the operation of the Facility, including, without limitation, the furnishing of concessions, supplies, utilities, extermination, refuse removal and other services. Where lawful and provided Beneficiary has approved, said agreements and contracts will be entered into in the name of and on behalf of Beneficiary.

(b) Exclusive Representative. It is understood and agreed that Manager shall be the exclusive representative of Beneficiary for purposes of communicating and dealing directly with the regulatory authorities, governmental agencies, employees, independent contractors, suppliers, tenants, licensees, and customers of the Facility. Any communications from Beneficiary to such persons or entities or authorities shall be directed through Manager unless Beneficiary determines that direct communications between Beneficiary and one or more such persons or entities is required, and in such case, Beneficiary shall advise Manager of such communications.

2. Insurance. Manager shall arrange for and maintain all necessary and proper hazard insurance covering the Facility, including the furniture, fixtures and equipment situated thereon, all necessary and proper malpractice and public liability insurance for Manager's and Beneficiary's protection and for the protection of Manager's and Beneficiary's directors, officers, partners, agents and the Facility's personnel. Manager shall also arrange for and maintain all employee health and worker's compensation insurance for the Facility's personnel. Any insurance provided pursuant to this paragraph shall comply with the requirements of any applicable Facility mortgage or lease and, with the exception of the insurance maintained by Manager for its own protection, shall be an expense of the Facility.

3. Proprietary Interest. The systems, methods, procedures and controls employed by Manager and any written materials or brochures developed by Manager to document the same are to remain the property of Manager.

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4. Term of Agreement; Effect of Termination. Unless this Agreement is sooner terminated as provided in this Section 4 or as otherwise agreed in writing, the initial term of this Agreement shall commence on the date hereof and shall end on December 31, 2012, with successive automatic renewal periods of one (1) year each thereafter, unless either party notifies the other in writing, within sixty (60) days prior to the expiration of the then current term, of such party's intention not to exercise the then upcoming automatic renewal period. This Agreement may not be terminated by Beneficiary for any reason. This Agreement may be terminated by Manager but only with the prior written consent of the Mortgagee (as defined in Section 2) upon thirty (30) days' prior written notice to Beneficiary given at any time after the date hereof. Upon any termination of this Agreement pursuant to the immediately preceding sentence, the parties hereto shall have no further obligations or liabilities other than the right of Manager to receive Fees through the date of termination during any such period for which Manager provides services or assists in the operation of the Facility in connection therewith it shall be entitled to receive an appropriate fee therefor.

5. Facility Operations.

(a) No Guarantee of Profitability. Manager does not guarantee that operation of the Facility will be profitable, but Manager shall use commercially reasonable efforts to operate the Facility as a Class A office building complex in as cost effective and profitable a manner as reasonably possible consistent with maintaining operations in accordance with the an office building industry's then prevailing standards in the geographic area in which the Facility is located.

(b) Standard of Performance; Acting within Budget. In performing its obligations under this Agreement, Manager shall use commercially reasonable efforts and act in good faith and with professionalism in accordance with the Annual Budgets and the prevailing standards of the office building industry in the geographic area in which the Facility is located.

(c) Force Majeure. The parties will not be deemed to be in violation of this Agreement if they are prevented from performing any of their respective obligations hereunder for any reason beyond their control, including, without limitation, strikes, shortages, war, acts of God, or any applicable statute, regulation or rule of federal, state or local government or agency thereof having jurisdiction over the Facility or the operations thereof.

6. Withdrawal of Funds by Manager. Beneficiary and Manager acknowledge and agree that the efficient operation of the Facility requires that Manager have ready access to the funds required therefor. Accordingly, unless otherwise agreed by Beneficiary and Manager, Beneficiary agrees not to withdraw any funds from the Facility's bank account(s) reasonably believed by Manager to be required for the proper operation of the Facility or maintenance of appropriate reserves with respect thereto as set forth in the most recently approved Annual Budget.

7. Fees. During the term of this Agreement, Manager shall be entitled to receive management fees (the "Fees") up to three percent (3.0%) of the gross revenues of the Facility during each month or portion thereof occurring during such term. Fees shall be paid on a monthly basis simultaneously with the delivery by Manager to Beneficiary of the monthly statements provided for in Section 1. In addition, a schedule of leasing commissions payable to Manager and outside brokers is attached hereto as Schedule 1 and Manager shall be entitled to receive leasing commissions in accordance with such Schedule for new leases at the Property.

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8. Assignment. This Agreement shall not be assigned (including by operation of law, whether by merger or consolidation or otherwise) by Beneficiary, without the prior written consent of Manager. This Agreement may be assigned by Manager without the consent of Beneficiary, but only with the consent of the holder of the mortgage on the Facility (the "Mortgagee"). Manager acknowledges that under the terms of the loan agreement between Beneficiary and Mortgagee, Mortgagee has the right to designate the manager of the Facility. If Mortgagee exercises such right by notice to Beneficiary and Manager, this Agreement shall be deemed to be assigned by Manager to the party designated by Mortgagee as of the date set forth in such notice. Beneficiary and Manager shall take such further actions and execute such further documents as may be requested by Mortgagee or such new Manager with respect to such assignment and the new Manager will provide an agreement to Beneficiary agreeing to perform the obligations of Manager hereunder after the date of such assignment.

9. Notices. Any notices required or permitted to be sent hereunder shall be delivered personally or mailed, certified mail, return receipt requested, or delivered by overnight courier service to the following addresses, or such other addresses as shall be given by notice delivered hereunder, and shall be deemed to have been given upon delivery, if delivered personally, three (3) business days after mailing, if mailed, or one business day after delivery to the courier, if delivery by overnight courier service:

If to Beneficiary, to:

Continental Towers Associates-I, L.P.  
c/o Prime Group Realty, L.P.  
77 West Wacker Drive Suite 3900  
Chicago, Illinois 60601  
Attention: Richard S. Curto

with a copy to:

Casati-Heise Partnership  
c/o Continental Offices, Ltd.  
Suite 109  
Regency Office Plaza  
2700 River Road  
Des Plaines, Illinois 60018  
Attention: Roland E. Casati

If to Manager, to:

c/o Prime Group Realty Trust  
77 West Wacker Drive  
Suite 3900  
Chicago, Illinois 60601  
Attention: Jeffrey A. Patterson

with a copy to:

77 West Wacker Drive  
Suite 3900

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Chicago, Illinois 60601  
 Attention: James F. Hoffman

and:

Winston & Strawn  
 35 West Wacker Drive  
 Chicago, Illinois 60601  
 Attention: William J. Ralph

10. Relationship of the Parties. The relationship of Manager to Beneficiary in connection with this Agreement shall be that of an independent contractor, and all acts performed by Manager during the term hereof shall be deemed to be performed in Manager's capacity as an independent contractor. Nothing contained in this Agreement is intended to or shall be construed to give rise to or create a partnership or joint venture or lease between Beneficiary, its successors and assigns, on the one hand, and Manager, its successors and assigns, on the other hand.

11. Entire Agreement. This Agreement and any documents executed in connection herewith contain the entire agreement among the parties and shall be binding upon their respective successors and assigns, and shall be construed in accordance with the laws of the State of Illinois. This Agreement may not be modified or amended except by written instrument signed by the parties hereto.

12. Contract Modifications for Certain Legal Events. In the event any state or federal laws or regulations, whether now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel of both parties in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Beneficiary and Manager agree to cooperate in restructuring their relationship and this Agreement to eliminate such violation or to reduce the risk thereof to the extent such restructuring can be accomplished upon commercially reasonable terms; provided, that any such restructuring shall, to the maximum extent possible, preserve the underlying economic and financial arrangements between Beneficiary and Manager. The parties agree that such amendment may require either or both parties to obtain appropriate regulatory licenses and approvals. Consistent with the foregoing, Beneficiary and Manager acknowledge, covenant and agree that, to the extent that the admittance of Williamsburg Group L.L.C., the withdrawal of Casati-Heise Partnership and the other changes contemplated by that certain Fifth Amendment of Agreement of Limited Partnership of Continental Towers Associates-I, L.P., dated as of the date hereof, between Williamsburg Group L.L.C., Casati-Heise Partnership, Roland B. Casati and Richard A. Heise (the "Fifth Amendment"), are not permitted or are enjoined as in violation, or potentially in violation, of applicable laws, regulations or contract, the contractual responsibilities of Manager, as described in Section 1 hereto, shall be supplemented, to the extent possible and agreed to by Manager at such time (in its sole discretion), such that Manager shall be entitled to take, and shall be required to take, whatever actions which Williamsburg Group L.L.C. would have been permitted or required to take, if such provisions of the Fifth Amendment had not been so found or enjoined (including, without limitation, those as "tax matters partner" of Continental Towers Associates-I, L.P.); provided, that in no such case, shall Manager have any general partner liability or be treated as having been admitted to Continental Towers Associates-I, L.P.

13. Captions. The captions used herein are for convenience of reference only and shall not be construed in any manner to limit or modify any of the terms hereof.

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14. Severability. In the event one or more of the provisions contained in this Agreement is deemed to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be impaired thereby.

15. Remedies Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to any of the parties hereto is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of an event of default hereunder. The failure of any party hereto to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof with respect to subsequent defaults. Every right and remedy given by this Agreement to the respective parties hereto may be exercised from time to time and as often as may be deemed expedient by such parties. To the extent either party hereto incurs legal fees and expenses in connection with such party's enforcement of any of its rights hereunder as a result of a breach of this Agreement by the other party hereto (the "Breaching Party"), then, to the extent it is determined, either by the admission of the Breaching Party or by a court having competent jurisdiction over such dispute, that the Breaching Party had committed the alleged breach of this Agreement, then the Breaching Party shall pay all such reasonable attorneys' fees and expenses incurred by the other party in connection with such enforcement.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and each such counterpart shall together constitute but one and the same Agreement.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

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IN WITNESS WHEREOF, the parties hereto have caused this Management Agreement to be executed and delivered in their names and on their behalf of the date first set forth above.

**BENEFICIARY:**

CONTINENTAL TOWERS ASSOCIATES-I, L.P., an Illinois limited partnership

By: CTA Partner, L.L.C., a Delaware limited liability company, its General Partner

By: Richard S. Curto  
Richard S. Curto  
Administrative Member

**MANAGER:**

PRIME GROUP MANAGEMENT, L.L.C., a Delaware limited liability company

By: Prime Group Realty, L.P., its sole member

By: Prime Group Realty Trust, its managing general partner.

By: Roy P. Bendine  
Name: Roy P. Bendine  
Its: SVP - Finance

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SCHEDULE A

THE FACILITY

Office building complex located at 1701 Golf Road, Rolling Meadows, Illinois and commonly known as Continental Towers.

Property of Cook County Clerk's Office



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SCHEDULE 1

LEASING COMMISSIONS

[SEE ATTACHED]

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NO. 488 P. 10

## SCHEDULE 1

### Leasing Commissions

#### 1. Compensation for Leasing

If a lease produced by Manager between a tenant and Owner is consummated, Manager shall be entitled to a leasing commission payable  $\frac{1}{2}$  upon lease execution and  $\frac{1}{2}$  upon tenant occupancy. The amount of the commission payable to Manager shall be allowable up to figures reflected in the schedule provided below.

#### Gross Leases:

- A. Seven percent (7%) of the Fixed Annual Minimum Rent payable during the first year of the lease;
- B. Two percent (2%) of the Fixed Annual Minimum Rent payable during the next nine years;
- C. Zero percent (0%) of its Fixed Annual Minimum Rate payable thereafter.

#### Net Leases:

- A. Eight percent (8%) of the Fixed Annual Minimum Rent payable during the first year of the lease;
- B. Three percent (3%) of the Fixed Annual Minimum Rent payable during the next nine years;
- C. Zero percent (0%) of its Fixed Annual Minimum Rate payable thereafter.

Subject to the provisions of Section 3.

Under Net Leases, "Fixed Annual Minimum Rent," as used herein, shall mean the "Rent" payable by tenant during the "Initial Term" of the lease. "Rent" for the purposes of this paragraph, shall exclude any percentage rent, escalation rent, payments of real estate taxes or other such payments payable by the tenant, and those items excluded from rental receipts in computing Manager Compensation under Section 3 hereof. "Initial Term," for the purposes of this paragraph, shall exclude any renewal, extension or expansion options included in such lease, any period of free rent and any portion of the term which may be terminated or canceled at the option of tenant.

Such commission for each lease shall be payable  $\frac{1}{2}$  upon lease execution and  $\frac{1}{2}$  upon tenant occupancy. Such commission shall be the only compensation to

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Manager for leasing and Manager shall pay all its own expenses, salaries and all costs incurred by it as a result of leasing activities.

## 2. Renewals, Extensions and Expansions

A leasing commission up to fifty percent (50%) of the scheduled leasing commission rate provided in Section 1 above:

- A. Shall be earned by Manager for any renewal or extension of the term or expansion of the premises of any lease originally negotiated by Manager, exercised pursuant to any provision of such lease, at such time as the terms of Section 1 above, as they apply to such renewal or extension or expansion of the term of such lease are met, and if such time this Agreement is still in effect.
- B. Shall be earned by Manager for any renewal or extension of the term or expansion of the premises of any lease negotiated by Manager while this Agreement is in effect, if such renewal is not pursuant to any provision of any such lease, if the terms of Section 1 above, as they apply to such renewal or extension of the term or expansion of such lease, are met, whether or not this Agreement shall still be in effect at the time such terms are fulfilled.

Any leasing commission payable by the provisions of this Section 2 shall be payable in such manner and at such times as provided in Section 1, above. In determining any lease commission, due pursuant to Section 2, the first year of the original lease shall be used as the first year pursuant to the rate schedule and the years shall then be counted forward such that the commission payable for a renewal or extension period shall be determined as if such period were part of the original term of the lease. The amount otherwise payable to Manager under this subsection shall be reduced by the amount of any commission due to an outside broker for the respective renewal, extension or expansion.

## 3. General Exclusion and Adjustments

Whenever any commission is due hereunder, the following portions of the lease term or of the rent under a lease shall be excluded or adjusted:

- A. If an existing tenant relocates within the property, prior to the termination otherwise provided under its lease, the commission shall be computed at the rate otherwise applicable hereunder for renewals or extensions, but for the portion of the relocation lease terms equal to the unexpired term of the previous lease, the rate shall only be applied to the increase, if any, in the rent.
- B. The commission due for any expansion by an existing tenant shall only be computed on the net overall increase in rent payable by the tenant and in the event that another tenant vacates the space prior to the expiration of its lease to permit

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the expansion, the rent subject to commission shall be further reduced by the vacating tenant's rent for the period of such unexpired term.

- C. If Owner assumes the obligation to pay rent under a tenant's lease for space outside the Facility, the rent subject to commission shall be reduced by the total amount of then rent assumed for the term of such assumption.
- D. The rent subject to commission shall be reduced by the total amount of any rent payable to a tenant by Owner for space subleased back to Owner.
- E. The amount payable by tenant to amortize the cost of special tenant finish work in the leased premises shall be excluded from rent in calculating any commission due hereunder.
- F. No commission shall be due hereunder to the Manager for the period beyond ten (10) years from the initial occupancy of tenant in the Facility, or less than one year.
- G. Except as specifically provided hereunder, no leasing commission, finder's fee, broker's fee or other type of commission shall be due Manager for any lease, ground lease, sale, conveyance or transfer of the Facility or any interest in the Facility, or for any financing or refinancing of the Facility.
- H. Commission on leases with termination options will only be paid on the portion of the lease prior to the termination date. The balance of the commission will be paid if/when the option is not taken and the lease will run for the full term.
4. Cooperating Broker  
If an outside broker is involved in securing a new tenant of the property in conjunction with the Manager, a commission of 50% of a full commission will be paid to the Manager. In no instance will a commission exceed 150% of the amount calculated per section 1 or 2 of Schedule 1.