

U.S. GOVERNMENT LEASE FOR REAL PROPERTY

DATE OF LEASE

12.19.08

LEASE NO.

GS-03B-09305

THIS LEASE, made and entered into this date by and between Liberty Property Limited Partnership

Whose address is 500 Chesterfield Pkwy
Malvern, PA 19355-8707

And whose interest in the property hereinafter described is that of **OWNER**.

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:
 - * A total of 400,140 rentable square feet (RSF) of warehouse, office, and related space, which yields approximately 398,532 ANSI/BOMA Office Area square feet (BOAF) of space on the first floor at Liberty at Hunters Green II, 11841 Newgate Boulevard, Hagerstown, MD 21740-6994, to be used for such purposes as determined by the General Services Administration.
 - * Included in the rent at no additional cost to the government are 25 surface parking spaces for exclusive use of the Government employees and patrons.
 - * The common area factor for the leased premises occupied by the Government is established as 1.004035 (see "Common Area Factor" paragraph of the lease).
 - * The leased premises occupied by the Government for real estate tax adjustments is established as 65.0% (see also "Percentage Occupancy" paragraph of the lease).

2. **TO HAVE AND TO HOLD** the said premises with their appurtenances for a term of 10 firm years beginning upon the substantial completion of the space, and acceptance by the Government as satisfactorily complete. Design and construction of the space shall begin upon award of this lease in conformance with the Construction Schedule of Tenant Improvements paragraph of the attached Solicitation for Offers. The commencement date of this lease, along with any applicable termination and renewal rights, shall more specifically be set forth in a Supplemental Lease Agreement upon substantial completion and acceptance of the space by the Government. The lease term shall not commence prior to October 15, 2009 unless specifically waived by the Government.

3. The Government shall pay the Lessor annual rent of (see Lease Paragraph 15) at the rate of (see Lease Paragraph 15) per month in arrears. Rent for a lesser period shall be prorated. Payment shall be made electronically and shall be made payable to:

Liberty Property Limited Partnership
500 Chesterfield Parkway
Malvern, PA 19355-8707

Lease

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR

NAME

NAME

General Services Administration, PBS, Allegheny Service Center

SIGNATURE

NAME OF SIGNER

OFFICIAL TITLE OF
Contracting Officer

AUTHORIZED
Previous e

STANDARD FORM 2 (REV. 12/2006)
Prescribed by GSA - FPR (41 CFR) 1-16.601

4. The Government may terminate this lease in whole or in part at any time on or after tenth full year of occupancy by giving at least ninety (90) days' notice in writing to the Lessor, and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

Two renewal options of five years each. The rate for the first renewal option is \$8.17284334 per ANSI/BOMA usable square foot of office, warehouse, and related space, \$3,257,139.60 per annum, plus accrued escalations per Paragraph 3.2 Tax Adjustment and Paragraph 3.4 Operating Costs. The rate for the second renewal option is \$9.17687814 per ANSI/BOMA usable square foot of office, warehouse, and related space, \$3,657,279.60 per annum, plus accrued escalations per Paragraph 3.2 Tax Adjustment and Paragraph 3.4 Operating Costs.

provided notice be given in writing to the Lessor at least 90 days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The Lessor shall furnish to the Government, as part to the rental consideration, the following:

Those tenant improvements, facilities, services, supplies, utilities, maintenance, operations, and other considerations as set forth in this lease.

Column spacing shall be a minimum of 33' x 53' clear in the warehouse space.

This lease contains 120 pages.

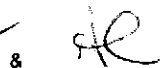
7. The following are attached and made a part hereof:

- A. Standard Form 2 continuation Pages 3-4 ;
- B. Solicitation for Offers (SFO) 7MD2108 with incorporated SFO Amendments # 1 and # 2 issued December 17, 2007;
- C. SFO Amendment # 3 issued May 22, 2008;
- D. General Clauses (GSA Form 3517);
- E. Representations and Certifications (GSA 3518);
- F. Lessor's Annual Cost Statement dated October 8, 2008 (GSA Form 1217);
- G. Small Business Subcontracting Plan (approved 10/27/2008);
- H. Summer Ventilation Solution submitted December 27, 2007;
- I. Ventilation Submittal dated April 2, 2008 and system specifications dated July 22, 2008;
- J. Construction Schedule submitted July 22, 2008;
- K. Quality of Building Narrative submitted December 27, 2007;
- L. Security Fence specifications submitted July 22, 2008;
- M. Site plan showing additional truck site access via planned extensions of Newgate Boulevard and Halfway Boulevard submitted July 22, 2008;
- N. Placement of windows in the office space submitted July 22, 2008;
- O. Overall Site Plan submitted July 22, 2008;
- P. Concept Building Layout Plan submitted October 8, 2008;
- Q. Floor Plan submitted July 22, 2008;

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8. In no event shall the lessor enter into negotiations concerning the space leased with representatives of Federal agencies other than Contracting Officers and their designated representatives of the General Services Administration.
9. The total percentage of space occupied by the Government under the terms of the lease is equal to **65.0%** percent of the total space available in the lessor's building, and will be used as the basis for computing the Government's pro-rata share of real estate taxes, as defined in the Annual Real Estate Tax Escalation Clause. The percentage of occupancy is derived by dividing the total Government space of **400,140** rentable square feet by the total building space of **615,600** rentable square feet.

For the purposes of this lease, the negotiated real estate tax base is \$286,632.00 for the building and \$186,311.00 for the Government's pro-rata share. In the event of a decrease in taxes from the base year, or in the event of any refund or tax deduction, the Lessor shall notify the Contracting Officer and the Shell Rental Rate, as provided in Paragraph 14 below, will be reduced accordingly.

10. For purposes of determining the base rate for future adjustments to the operating cost the Government agrees that the base rate quoted on the "Lessor's Annual Cost Statement", (GSA Form 1217) dated, **October 8, 2008** which is **\$1.26** per ANSI/BOMA Office Area square foot is acceptable. This figure includes the Government's pro-rata share of operating costs. The Government retains the right to inspect and review the Lessor's records to verify the costs listed on the GSA Form 1217 and/or to require a certified audit report. The basis for annual operating costs escalations will be the revised U.S. All Cities Average Consumer Price Index for Wage Earners and Clerical Workers.
11. Per SFO Paragraph 3.2, the base year for real estate taxes can be an amount negotiated to reflect an agreed upon base for a fully assessed value of the property. The negotiated real estate tax base is on the "Lessor's Annual Cost Statement", (GSA Form 1217) dated, **October 8, 2008** which is \$286,632.00 for the entire building and \$186,311.00 or \$0.47 per ANSI/BOMA Office Area square foot for the Government's pro-rata share.
12. In accordance with the SFO paragraph entitled Adjustment for Vacant Premises, the adjustment is established as \$0.75 per BOAF for vacant space (rental reduction) if the entire leased premises is vacated.
13. In accordance with the SFO Paragraph entitled Overtime Usage, the rate for overtime usage is established as \$30.00 per hour. This rate shall escalate each year during the lease term by the year to year percentage change in the CPI on the same basis as increases in operating expenses are determined in accordance with the lease.

In any event, no overtime HVAC will be charged for the normal building hours of 6:30 am to 5:30 pm, Monday through Friday, except Saturdays, Sundays, and federal holidays.

14. Notwithstanding any other provision of this agreement requiring the Government to give notice to exercise any option contained herein for extension of the lease, the lessor shall notify the Contracting Officer, in writing, at least 30 days and no more than 60 days prior to the time the option must be exercised. In the event the lessor fails to notify the Government, as required by this paragraph, the Government shall have the right to exercise the option at anytime prior to the expiration of the lease.
15. Lessor shall complete the building shell as defined in the lease and complete all alterations, improvements, and repairs required by this lease, and deliver the leased premises ready for occupancy by the Government within **ninety (90)** calendar days from the date of notice to proceed with the construction of the tenant improvements. When Lessor has completed all such alterations, improvements, and repairs, Lessor shall promptly notify the Contracting Officer, who shall promptly cause the same to be inspected.

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Upon the date of completion of such alterations, improvements, and repairs and inspection and acceptance by the Government, the term of this lease shall commence and shall continue for ten (10) consecutive calendar years. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement. The lease term shall not commence prior to October 15, 2009 unless specifically waived by the Government.

Upon acceptance of the leased premises by the Government, the same shall be measured and rental shall be paid, in accordance with Paragraph 3.7 of the lease, "ANSI/BOMA Office Area Square Feet" and Paragraph 27 General Clauses, GSA Form 3517, "Payment" at the rate of: \$7.12 per ANSI/BOMA Office Area square feet per year from years 1 through 10. Details are as follows:

Years 1 through 10:

Shell Rent \$5.19 per ANSI/BOMA Office Area Square Foot (BOAF), or \$2,069,729.00 / year

Amortized annual cost per BOAF for Tenant Alteration Allowance*: \$0.67 per BOAF, or \$265,023.78 / year

Interest rate at which Tenant Alterations are amortized: 0.0%

Annual Cost of Services: approximately \$1.26 per BOAF, or \$502,240.00 / year



Total Annual Rent: \$2,836,992.80 or \$236,416.07/ month

*The rent shall be adjusted downward if the Government does not utilize the entire Tenant Improvement Allowance of \$2,650,237.80 or \$6.65 per ANSI/BOMA Office Area Square Foot, which is included in the rent, using the 0.0% amortization rate over the firm term of ten (10) years. The Government, at its election, may pay lump sum for Tenant Improvements. If this occurs, the rent shall be reduced proportionately using the 0.0% amortization rate. The lessor's overhead and profit on tenant improvements shall not exceed 10%. Deviations to the approved design intent drawings will not be permitted unless prior written authorization is obtained from the GSA Contracting Officer.

If the Government spends more than the allowance identified above, the Government reserves the right to 1) reduce the Tenant Improvement requirements, 2) pay lump sum for the overage upon completion and acceptance of the improvements, or 3) increase the rent according to the negotiated amortization rate over the firm term of the lease.

16. It is understood and agreed that the Government retains title to all removable property covered by this agreement and may remove same if so desired. In the event such are not removed by the Government at the end of this lease term, or any extension thereof, title shall vest in the Lessor and all right of restoration waived.
17. The Government shall have the right to freely assign the lease or sublet the lease space, but in light of the size of this lease, such assignment or subletting does not relieve the Government of its obligations and liabilities under the lease. Also, in connection with the anticipated financing of the lease premises, the Government will need to give notice to the Lessor's lender of any claimed default by Lessor under the lease or of its intent to terminate the lease in the event of a fire or other casualty and to afford the lessor and its lender a reasonable opportunity to cure the default or restore the premises before instituting any action to offset rent or terminate the lease.
18. Definitions:
 - A. Where the word "Offeror" appears it shall be considered "Lessor"
 - B. Where the word "should" appears it shall be considered to be "shall"
 - C. Where the word(s) "Solicitation" or "Solicitation for Offers" appears it shall be considered to be "Lease"

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