

U.S. GOVERNMENT  
LEASE FOR REAL PROPERTY

DATE OF LEASE

May 29, 2008

LEASE NO.

GS-03B-08336

THIS LEASE, made and entered into this date by and between

Kevon Office II, L.P.

whose address is:

201 S. 18<sup>th</sup> St, Suite 300  
Philadelphia, PA 19103

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 consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

12,755 ANSI/BOMA square feet (12,938 Rentable square feet) of office and related space located on the first floor (as shown on the attached floor plan labeled Exhibit A) of the Kevon Office Center II, 2475 McClellan Drive, Pennsauken, NJ 08110.

to be used for such purposes as may be determined by the General Services Administration.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning on (See Lease Rider paragraph 12) through (See Lease Rider paragraph 12), subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of (See Lease Rider paragraph 13) at the rate of (See Lease Rider paragraph 13) in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

Kevon Office II, L.P.  
Suite 300, 201 S. 18<sup>th</sup> Street  
Philadelphia, PA 19103

4. The Government may terminate this lease, in whole or in part, after the fifth full year by giving at least sixty (60) days notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed with the day after the date of mailing.

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

- a. Preparation of the design intent drawings;
- b. All alterations and installations in accordance with the Design Intent Drawings;
- c. All miscellaneous requirements outlined in the attached Section 3;
- d. All general architectural requirements outlined in the attached Section 4;
- e. All architectural finishes requirements outlined in the attached Section 5;
- f. All mechanical, electrical and plumbing requirements outlined in the attached Section 6;
- g. All services, utilities and maintenance requirements outlined in the attached Section 7;

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- h. All safety and environmental management requirements outlined in the attached Section 8 ;
  - i. All security requirements outlined in the attached section 9; and
  - j. All special requirements outlined in the attached Section 10;
6. The following are attached and made a part hereof:
- A. Rider paragraphs 8-23;
  - B. Section 1, Summary, Paragraphs 1.4, 1.5, 1.8 E – 1.13; 1.15, and 1.17;
  - C. Section 2, Award Factors; Paragraph 2.1;
  - D. Section 3, Miscellaneous, Paragraphs 3.2-3.3, 3.5, 3.7 – 3.20;
  - E. Section 4, General Architecture, Paragraphs 4.1 – 4.14;
  - F. Section 5, Architectural Finishes, Paragraphs 5.1 – 5.23;
  - G. Section 6, Mechanical, Electrical, Plumbing, Paragraphs 6.1 – 6.17;
  - H. Section 7, Services, Utilities, Maintenance, Paragraphs 7.1 – 7.9;
  - I. Section 8, Safety and Environmental Management, Paragraphs 8.1 – 8.12;
  - J. Section 9, Lease Security Standards, Paragraphs 9.1-9.18;
  - K. Section 10, Special Requirements, Paragraphs 10.1-10.4;
  - L. Floorplan labeled Exhibit "A" (leased space);
  - M. GSA Form 3517B, General Clauses;
  - N. GSA Form 3518, Representations and Certifications;
  - O. Seismic Certification;
  - P. Architectural Engineering Scope of work/Proposal;
  - Q. Sensitive but Unclassified Document Form; and
  - R. GSA Form 1217, Lessor's Annual Cost Statement dated (12/12/2007)
7. The following changes were made in this lease prior to its execution:
- a. the following paragraphs were deleted in their entirety:
    - 1.1 – 1.3, 1.6, 1.8 A-D, 1.14, 1.16, 2.2, 3.1, 3.4, 3.6, 3.13A and 6.8C
  - b. the following paragraphs were deleted in part and/or amended
    - 3.3 F

This lease contains 113 pages.


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

LESSOR: Kevon Office ~~Center~~ II, L.P. c/o Suite 300, 201 S. 18<sup>th</sup> Street, Philadelphia, PA 19103  
 By its sole member/partner, Kevon Center II Corp.

BY  \_\_\_\_\_  
 \_\_\_\_\_, Pres. (Signature)

IN PRESENCE OF:  
 Asst Secretary Suite 300; 201 S 18th St. Phila  
 \_\_\_\_\_ (Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION, PBS, Philatlantic Service Center

BY  \_\_\_\_\_  
 \_\_\_\_\_ Contracting Officer  
 (Official title)

**RIDER TO LEASE GS-03B-08366**  
**Kevon Office Center II, 2475 McClellan Drive**  
**Pennsauken, New Jersey 081106**

8. The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] for year one, [REDACTED] for year two, [REDACTED] for year three, [REDACTED] for year four and [REDACTED] for year five of this lease.

A Brokerage Commission Credit of [REDACTED] is due and payable as follows: [REDACTED] is due to Jones Lang LaSalle, Inc. upon an award of this Lease and payable within thirty (30) days of the receipt of an invoice and an additional [REDACTED] is due at rent commencement. The remaining amount of [REDACTED] is the Commission Credit and shall be paid as free rent in equal monthly installments of [REDACTED] each during the first two (2) full months of the lease.

9. 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. All change orders shall be ordered by a GSA Contracting Officer.

10. The total percentage of space occupied by the Government under the terms of the lease is equal to twenty-five point seven (25.7%) 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 12,938 rentable square feet by the total building space of 50,348 rentable square feet.

11. 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 December 12, 2007, resubmitted on January 14, 2008, which is \$5.98 per Rentable 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.

12. 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 one hundred twenty (120) 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.

**RIDER TO LEASE GS-03B-08366  
Kevon Office Center II, 2475 McClellan Drive  
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The Lessor shall give the Government at least ten (10) calendar days written notice of the anticipated substantial completion date of the build-out of the space. The

Government shall have five (5) calendar days from the anticipated substantial completion date to inspect the leased premises to determine whether or not it is ready for occupancy. In no event shall the lease term begin until all of the alterations and installations to be performed by the Lessor under this lease have been substantially completed and accepted by the Government.

Upon the date of completion of such alterations, improvements, and repairs and inspection and signed acceptance by the Government, the term of this lease shall commence and shall continue for ten (10) consecutive calendar years subject to termination rights set forth in Paragraph 4 of the Standard Form 2. The commencement date shall be more particularly set forth by a Supplemental Lease Agreement.

13. Upon signed acceptance of the leased premises by the Government, the same shall be measured and rent shall be paid, in accordance with Paragraph 3.8 of the Solicitation for Offer, "ANSI/BOMA Office Area Square Feet" and Paragraph 26 General Clauses, GSA Form 3517, "Payment" at the rate of:

**Years 1 through 5:**

The total annual rent is \$445,843.48 (\$34.95 per ANSI/BOMA Office Area Square Foot), payable at the rate of \$37,153.62 per month in arrears, consisting of:

**Shell Rent** \$17.24 per ANSI/BOMA Office Area Square Foot (BOAF),

**Amortized annual cost per BOAF for Tenant Alteration Allowance\***: \$11.64 per BOAF.

**Interest rate** at which Tenant Alterations are amortized: 9%

**Annual Cost of Services**: \$6.07 per BOAF, plus accrued escalations

**Years 6 through 10:**

A total annual rent of \$329,716.75 (\$25.85 per ANSI/BOMA Office Area Square Foot), plus accrued escalations, payable at the rate of \$27,476.39 per month in arrears, consisting of:

**Shell Rent** \$19.78 per ANSI/BOMA Office Area Square Foot (BOAF),

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**RIDER TO LEASE GS-03B-08366**  
**Kevon Office Center II, 2475 McClellan Drive**  
**Pennsauken, New Jersey 081106**

**Annual Cost of Services:** \$6.07 per BOAF, plus accrued escalations

\* The rent shall be adjusted downward if the Government does not utilize the entire tenant improvement allowance of \$596,041.15 or \$46.73 per ANSI/BOMA Office Area Square Foot, which is included in the rent using the 9.00% amortization rate over the firm term of five (5) years. The Government, at its election, may pay lump sum for Tenant Improvements. If this occurs, the rent shall be reduced proportionately using the 9.00% amortization rate.

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.

14. The construction management fee for the initial build-out shall be 6%.
15. Common Area Factor: Pursuant to Paragraph 3.9 "Common Area Factor", the common area factor is determined to be 1.014347, calculated as follows 12,938 RSF/ 12,755BOAF
16. In accordance with Paragraph 7.3 of the lease, the additional cost to the Government for overtime use of Government leased space for HVAC services is \$50.00 per hour.
17. In accordance with Paragraph 3.11 of the lease, if the Government fails to occupy any portion of the lease premises or vacates the premises in whole or in part prior to expiration of the terms of the lease, the rental rate will be reduced by \$6.74 per ANSI/BOMA office area square foot.
18. 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.
19. 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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**RIDER TO LEASE GS-03B-08366**

**Kevon Office Center II, 2475 McClellan Drive  
Pennsauken, New Jersey 081106**

20. The Lessor will not be reimbursed for any services not provided for in this Lease, including but not limited to, repairs, alterations, or overtime services, nor will any rental be paid for occupancy in whole or in part except for the Lease term specified herein, unless approved in advance and in writing by an authorized official of the General Services Administration or the Government remains in possession of the leased premises beyond the lease term.

21. If, during the term of this Lease including extensions, title of this property is transferred to another party either by sale, foreclosure, condemnation or other transaction, the Lessor (transferor) shall promptly notify the Contracting Officer of said transfer. The following information shall accompany this notification:

- a. A certified copy of the deed transferring title to the property from the Lessor to the new owner.
- b. A letter from the new owner assuming, approving and agreeing to be bound by the terms of this Lease.
- c. A letter from the Lessor waiving all its rights under this Lease against the Government up to the effective date of the transfer.
- d. The new owner's employer identification number or Social Security number.
- e. The new owner's full legal name. If a corporation, indicate the state of incorporation. If a partnership, list all partners fully. If a limited partnership, list all general partners and identify under the laws of which state the limited partnership is created. If a realty trust, give names of all trustees and recording date of the trust.

The foregoing information must be received by the fifteenth (15<sup>th</sup>) day of the month in which the transfer of title will be affected. The rent for that month, adjusted in accordance with the effective date of transfer, will be processed to the Lessor. Initial rental payment to the new owner will be processed on the first day of the second month following the transfer of title. If the notification of transfer and related information is not received until the sixteenth day of the month (or later) in which the transfer of title will be affected, the full contract rental for that month will be forwarded to the Lessor. In this instance, it will be the responsibility of both the Lessor and the new owner to submit, in conjunction with other requested information, a letter of agreement regarding disposition of the monthly rent with respect to the effective date of transfer. In any instance, failure to submit the documentation required for transfer of title will result in a stop payment of rent until such time as the Contracting Officer receives all documentation.

22. [REDACTED]: The Lessor shall provide and install, [REDACTED] material not less than 7 mil thick on all exterior windows in the Government leased space as outlined in Paragraph 9.15 of the lease.

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**RIDER TO LEASE GS-03B-08366**

**Kevon Office Center II, 2475 McClellan Drive  
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23. Construction Documents related to the Tenant Improvements are estimated to cost \$26,786.00 (as outlined in the proposal from Eric Hafer & Associates attached to this lease) and the cost of such construction documents shall be deducted from the tenant improvement allowance as outlined in Paragraph 3.15D. This includes the cost of any engineering documents. Any additional costs for construction documents must be submitted and approved, in writing, by the Contracting Officer prior to the generation of such documents. The Government is not responsible for any reimbursable expenses from the architect unless the Lessor submits these expenses in advance to the Contracting Officer and the Contracting Officer approves the expenses. The Government will not pay for the architect's mileage costs to travel to project meetings.

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