

LEASE NO. GS-03P-LPA12095

**Succeeding/Superseding Lease
GSA FORM L202 (January 2012)**

This Lease is made and entered into between

Seventh and Chestnut Associates

("the Lessor"), whose principal place of business is 615 Chestnut Street, Suite 120, Philadelphia, PA 19106-4416, and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

("the Government"), acting by and through the designated representative of the General Services Administration ("GSA"), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

The Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

615 Chestnut Street, Philadelphia, PA 19106

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein.

LEASE TERM

To Have and To Hold the said Premises with their appurtenances for the term beginning July 15, 2014 and continuing through July 14, 2024,

subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by GSA.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

FOR THE LESSOR:

[Redacted signature area]

Date: Jan 29, 2014

FOR THE GOVERNMENT:

[Redacted signature area]

Date: 1/29/14

WITNESSED BY:

[Redacted signature area]

Name: _____

Title: PROPERTY MANAGER

Date: 1/29/2014

LESSOR: [Signature] GOVERNMENT: [Signature]

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (SUCCEEDING) (SEPT 2011) *in paragraph 1.13*

Unless otherwise noted, the Government accepts the leased premises and tenant improvements in their current existing condition, with the following exceptions further outlined more thoroughly in this lease. These exceptions include, but are not limited to, security improvements, Fire Protection and Life Safety requirements, ABAAS compliance, as well as compliance with all local codes and ordinances. The Lessor shall be responsible for continuing obligations for cleaning, janitorial, maintenance, repair, etc. as set forth in the lease paragraphs and attached General Clauses.

The Premises are described as follows:

Office and Related Space: 48,242 rentable square feet (RSF), yielding 41,950 ANSI/BOMA Office Area (ABOA) square feet of office and related space based upon a Common Area Factor of 14.9993%, and consisting of 3,225 RSF (yielding 2,804 ABOASF) located on a portion of the basement level, 36,305 RSF (yielding 31,570 ABOASF) located on the entire 6th floor, 6,565 RSF (yielding 5,709 ABOASF) located on a portion of the 7th floor, and 2,147 RSF (yielding 1,867 ABOASF) located on a portion of the 10th floor of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

Common Area Factor: The Common Area Factor (CAF) is established as 14.9993 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (SEPT 2011)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Government Rules and Regulations within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

- A. **Parking:** No parking spaces are reserved for the exclusive use of the Government as part of this lease.
- B. **Antennas, Satellite Dishes, and Related Transmission Devices:** Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (SUCCEEDING) (SEPT 2011)

A. The Government shall pay the Lessor annual rent, payable monthly in arrears, at the following rates:

	07/15/2014 - 07/14/2019		07/15/2019 - 07/14/2024	
	Annual Rent	Annual Rate/RSF	Annual Rent	Annual Rate/RSF
Shell Rent ¹	\$694,272.50	\$14.39 ⁵	\$733,286.00	\$15.20 ⁵
Tenant improvements rent ²	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Operating Costs ³	\$ 583,944.00	\$12.10 ⁵	\$583,944.00	\$12.10 ⁵
Building Specific Security ⁴	\$ 419.50	\$0.01 ⁵	\$ 419.50	\$0.01 ⁵
Total Annual Rent	\$1,278,636.00	\$26.50⁵	\$1,317,649.50	\$27.31⁵

1 Shell Rent calculated as 41,950 ABOA SF X \$16.55/ABOASF = \$694,272.50
 2 The Tenant improvements of \$0.00 are amortized at a rate of 0 percent per annum over 0 years.
 3 Operating Rent calculated as 41,950 ABOA SF X \$13.92/ABOASF = \$583,944.00
 4 Building Specific Security Costs of \$5,375 when amortized at 0% for 10 years are rounded to \$0.01/ABOA SF. Security cost calculated as 41,950 ABOA SF X \$0.01/ABOA SF = \$419.50.
 5 Rates may be rounded. Rate subject to operating cost escalations per Paragraph 2.08 of the Lease.

- B. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.
- C. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration.
- D. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:
 - 1. The leasehold interest in the Property described in "Paragraph 1.01 The Premises" created herein;
 - 2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;

3. Performance or satisfaction of all other obligations set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

1.04 BROKER COMMISSION AND COMMISSION CREDIT (SEPT 2011)

A. Studley, Inc. ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [REDACTED] and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties. Only [REDACTED] of the Commission, will be payable to Studley, Inc with the remaining [REDACTED], which is the "Commission Credit", to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 1 Rental Payment \$106,553.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 1st Month's Rent.

Month 2 Rental Payment \$106,553.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 2nd Month's Rent.

Month 3 Rental Payment \$106,553.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 3rd Month's Rent.

Month 4 Rental Payment \$106,553.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 4th Month's Rent.

Month 5 Rental Payment \$106,553.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 5th Month's Rent.

1.05 TERMINATION RIGHTS (SUCCEEDING) (SEP 2011)

The Government may terminate a portion of this Lease consisting of 5,709 ABOASF located on a portion of the 7th floor, and 1,867 ABOASF located on a portion of the 10th floor, in whole or in parts, at any time effective after the fifth (5th) year of the lease by providing not less than 180 days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

1.06 DOCUMENTS INCORPORATED BY REFERENCE (SEPT 2011)

The following documents are incorporated by reference, as though fully set forth herein:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLANS – LEASED SPACE	4	A
FLOOR PLANS – OVERTIME HVAC/THERMOSTAT ZONES	3	B
SECURITY REQUIREMENTS	3	C
GSA FORM 3517B GENERAL CLAUSES	48	D
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	7	E
[REDACTED] EXPANSION SCOPE OF WORK	9	F

1.07 INTENTIONALLY DELETED

1.08 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE (SEPT 2011)

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the Real Estate Tax Adjustment clause of this lease is 15.0756 percent. The percentage of occupancy is derived by dividing the total Government space of 48,242 RSF by the total building space of 320,000 rentable square feet.

1.09 OPERATING COST BASE (SEPT 2011)

The parties agree that for the purpose of applying the clause titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$13.92 per ANS/BOMA sq. ft (\$583,944.00/annum).

1.10 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (SEPT 2011)

In accordance with the section entitled "Adjustment for Vacant Premises" if the Government fails to occupy or vacates the entire or any portion of the Leased Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.50 per ABOA sq. ft. of space vacated by the Government.

1.11 HOURLY OVERTIME HVAC RATES (SEPT 2011)

The following rates shall apply in the application of the clause titled "Overtime HVAC Usage:"

\$2.50 per hour per zone

Number of zones: 38 (Per Exhibit B)

\$ 95.00 per hour for the entire space.

1.12 24-HOUR HVAC REQUIREMENT (APR 2011)

The Hourly Overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises such services shall be provided by the Lessor at an annual rate of \$0.00 per ABOA sq. ft. of the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants at no additional charge. The following rooms require 24-Hour HVAC: Room 666 - IT Room; Room [REDACTED]; and [REDACTED].

1.13 ADDITIONAL BUILDING IMPROVEMENTS (SEPT 2011)

In addition to construction of the Tenant Improvements as required in this Lease, the Lessor shall be required to complete the following additional building improvements (e.g., Fire Protection and Life Safety, Seismic, and Energy Efficiency) prior to acceptance of the Space:

- A. Alternative Exit- Install concrete landing in existing stair tower and three risers. Cut opening in existing cinder block wall for service corridor and install fire rated door with associated handrails. Install one (1) 6'0" x 7'0" set of double doors at entrance lobby/7th Street corridor. Modify lighting and sprinkler system as needed. Install necessary exit signage throughout.
- B. Remotely Locate Stairways – Lessor will instruct tenant that existing glass doors separating corridor from elevator lobby must remain closed at all times.
- C. Fire Extinguisher inspections – Lessor shall inspect and mark each fire extinguisher at 30 day intervals.
- D. Lessor shall renovate the existing 6th floor handicapped accessible unisex restroom to comply with current ABAAS standards by removing the existing handicapped accessible sink and associated plumbing, demolishing a portion of the existing back wall, and installing a new alcove in the wall and a new accessible sink that will allow for the front of the sink to be even with the back of the toilet.
- E. Lessor shall perform the following energy conservation initiatives: 1) Upgrade and reconfigure existing Alerton Energy Management software that controls HVAC equipment, air handling equipment, and common area lighting. 2) Install new variable frequency drive/pump package for supplying domestic water throughout the facility to reduce energy costs. 3) Install 4 new cooling towers with integrated energy savings modules to interface with Alerton Energy Management System. 4) Install 300 new cold point energy efficient heat pumps throughout the entire facility. Each heat pump is individually controlled and monitored using the Alerton Energy Management System. 5) Replace existing T-12 florescent light bulbs with T-8 and T-5 energy savings ballasts and fixtures. 6) Apply power management options on all computers and network equipment in management office to reduce energy usage.
- F. Lessor shall install [REDACTED]
- G. [REDACTED] Expansion Scope Of Work – Attached as Exhibit E to this Lease. Upon completion of the work under Exhibit E, the Lessor shall notify the contracting officer to arrange for an inspection. After inspection and acceptance of the work by the Government, a properly executed invoice shall be forwarded to:

General Services Administration
Greater Southwest Region (7BC)
P.O. Box 17181
Fort Worth, TX 76102-0181

A copy of the invoice must also be mailed to:

GSA Public Buildings Service
Real Estate Acquisition Division (3PRNK)
20 North 8th Street
Philadelphia, PA 19107-3101
Attn: JoAnn Stewart

For an invoice to be considered proper, it must:

1. be received after the execution of this Lease
2. reference the Pegasys Document Number (PDN – PS0028183)
3. include a unique, vendor supplied invoice number
4. indicate the exact payment amount requested and,
5. specify the payee's name and address. The payee's name and address must EXACTLY match the Lessor's name and address listed above.

or if completed, the remittance name and address specified below. If the Lessor chooses to have payments sent to an address other than the one listed above, the remittance must be entered below:

Remit To:

Payment in the amount of \$112,063.00 will be due within thirty (30) days after GSA's designated billing officer receives a properly executed invoice or acceptance of the work by the Government, whichever is later.

