STANDARD FORM 2 FEBRUARY 1965 EDITION GENERAL SERVICES ADMINISTRATION FPR (41CFR) 1D16.601	**U.S. GOVERNMENT** **LEASE FOR REAL PROPERTY**
DATE OF LEASE: 3/10/2011	LEASE No. GS-09B-02725

THIS LEASE, made and entered into this date between The Pep Boys-Manny, Moe and Jack of California

whose address is: 3111 W. Allegheny Avenue
Philadelphia PA, 19132-1116

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:
   14,883 rentable square feet (r.s.f.), yielding approximately 13,589 ANSI/BOMA Office Area square feet and related space located on the 2nd Floor located at 1122 W. Washington Boulevard, Los Angeles, California 90015-3316, together with 4 onsite reserved parking spaces to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. PARAGRAPH 2 HAS BEEN INTENTIONALLY OMITTED.

3. PARAGRAPH 3 HAS BEEN INTENTIONALLY OMITTED.

4. The Government may terminate this lease in whole or in part effective any time after the tenth year of this lease giving at least 30 days' prior notice in writing to the Lessor. 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. PARAGRAPH 5 HAS BEEN INTENTIONALLY OMITTED.

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

   A. The parking space(s) described in Paragraph 1 and parking spaces not to exceed those required by local code;

   B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's approved Design Intent Drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 9CA2867 and its attachments.

   C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

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

   All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

   a) The Solicitation For Offers Number . 9CA2867 (pages 1-47) (all references to SFO shall also refer to any Special Requirements and Amendments);

   b) Special Requirements ("[redacted] Special Space Requirements University Village Field Office (253)") pages 1-36;

   c) GSA Form 3517 (pages 1-2);

   d) GSA Form 3518 (pages 1-7);

   e) Sheet no. 1-2 containing Paragraphs 9-23;

   f) Floor Plan (Exhibit "A", page 1 of 1).

8. The following changes were made in this lease prior to its execution:

   Paragrphs 2, 3 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 23 have been added.

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

LESSOR: The Pep Boys - Manny, Moe + Jack

PBY LEGAL OK

BY _____ _____
(Signature) Joseph A. Cirelli (Signature)

IN PRESENCE OF:

_____ 3111 W. Allegheny Ave., Phila, PA 19132
(Signature) (Address)

UNITED STATES OF AMERICA/ **GENERAL SERVICES ADMINISTRATION, Public Buildings Service:**

BY _____
CONTRACTING OFFICER, GSA

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following fifteen (15) years, ten (10) year firm term in accordance with the Paragraph entitled "Acceptance of Space" herein, subject to termination rights as may be hereinafter set forth.

10. The Government shall pay the Lessor annual rent as follows:

    For years 1 through 5, annual rent of $448,722.45 at the rate of $37,393.54 per month in arrears.
    For years 6 through 10, annual rent of $475,065.36 at the rate of $39,588.78 per month in arrears.
    For years 11 through 15, annual rent of $412,407.93 at the rate of $34,367.33 per month in arrears.

    - Rent for a lesser period shall be prorated. Rent shall be payable to:

The Pep Boys-Manny, Moe and Jack of California
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11. The Lessor shall have 120 calendar days from the receipt of the Government's Notice to Proceed to complete the build-out of the entire space. All items specified in Lease Agreement and as delineated on the Government Approved Design Intent Drawings shall be provided by the Lessor.

12. **PERCENTAGE OF OCCUPANCY**: The percentage of Government Occupancy is established as 26.30% (14,883/ 56,600 rentable square feet).

13. **OPERATING COST**: Pursuant to Paragraph 4.2, "Operating Costs," the base rate for purposes of operating cost escalation is established at $6.32 per rentable square foot per annum.

14. **ADJUSTMENT FOR VACANT PREMISES**: Pursuant to Paragraph 4.3, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by $3.16 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 4.2, "Operating Costs."

15. **OVERTIME USAGE**: Pursuant to Paragraph 4.5, "Overtime Usage", upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (7:00 a.m. – 5:30 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours"), at a rate of $25.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 312 N. Spring Street, Suite 1020, Los Angeles, CA 90012, to receive payment.

16. **24 HOUR ROOMS**: The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. Heating and cooling of these areas shall be provided at the rate of $0.15 per hour after "Normal Hours."

17. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2 of the SFO, "Tenant Improvements Included in Offer." The Tenant Improvement Allowance shall be amortized over the 10 year firm term of the lease agreement at an interest rate (amortization rate) of 8.00 % per year.

18. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE:**

    A. Budget and Price Proposal for Tenant Improvements

    (1) In accordance with Paragraph entitled 5.11 "Construction Schedule and Acceptance of Tenant Improvements" of the Solicitation For Offers, Lessor shall submit to the Government a budget proposal with the Government Approved Design Intent Drawings which shall meet the requirements of the Lease Agreement. The cost estimate must be submitted in Construction Specification Institute (CSI) Format.

    (2) Paragraph 5.11 "Construction Schedule and Acceptance of Tenant Improvements" of the SFO is hereby amended so that the price proposal referenced therein shall be a price proposal based on the Tenant Improvements and associated work shown on the Working Drawings/ Construction Drawings. Lessor shall submit the price proposal together with the Working Drawings/ Construction Drawings.

    C. Failure to submit these budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

    D. The construction schedule required in Paragraph 5.11 (F), "Construction of Tenant Improvements," of the SFO shall also include adequate time for additional review by the Government of revised design intent drawings and Working Drawings/Construction

Initials: S.C. & [illegible]
Lessor Government

Drawings. All references to "working days" in Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO shall not include the period from December 15 through January 1 of any calendar year.

E. In addition to the submission requirements specified under Paragraph 5.11, "Construction Schedule and Acceptance of Tenant Improvements" of the SFO, Lessor shall provide to the Government the final total costs of the completed Tenant Improvements in CSI format 10 working days prior to "Substantial Completion". Lessor acknowledges that the Government will not be responsible for the payment of any changes to the Tenant Improvements not approved in writing by the Contracting Officer in accordance with the terms of this lease.

19. **ACCEPTANCE OF SPACE:**

A. The following is added to Paragraph 5. 11 (G), "Acceptance of Space and Certificate of Occupancy": Subsequent Government inspections and notification of the results of such inspections shall be made in accordance with the foregoing procedure. Time frames for subsequent inspections will be established by the Government.

B. Any items that have been identified at the acceptance of the space as punchlist items to be completed or corrected and which do not affect beneficial occupancy shall be completed by the Lessor within 30 calendar days of acceptance.

C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

20. **OCCUPANCY REPORTS:**

A. Building Systems: As part of its obligations under SFO, Paragraph 8.2 "Building Systems," of the SFO, the Lessor shall furnish at no cost to the Government a required building system report prior to the Government's occupancy of the Premises.

B. Acoustical Requirements: As part of its obligations under SFO, Paragraph 6.8 "Acoustical Requirements" of the SFO, the Lessor shall furnish at no cost to the Government a required acoustical report prior to the Government's occupancy of the Premises.

21. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. **If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

22. Any subsequent tenant requested alterations within the government leased space will require Lessor's consent.

23. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".

24. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.