**LEASE**
**(Liberty Center — Building 6)**
C2013-14L

THIS LEASE ("**Lease**") is made and entered as of the 10th day of November, 2015, to be effective October 29, 2015, by and between THE CITY OF TEMPE, an Arizona municipal corporation ("**Landlord**"), and LIBERTY PROPERTY LIMITED PARTNERSHIP, a Pennsylvania limited partnership ("**Tenant**").

## RECITALS

A. Landlord has title of record to certain land and the improvements constructed thereon, consisting of a building containing 96,000 gross square feet, which land is more particularly described in Exhibit A hereto, together with all rights and privileges appurtenant thereto and all future additions thereto or alterations thereof (collectively, the "**Premises**"). A Certificate of Occupancy (within the meaning of the hereafter-defined Development Agreement) for the building on the Premises was issued on October 29, 2015.

B. The building and other improvements on the Premises are "Government Property Improvements" under A.R.S. §42-6201(2), Landlord is a "Government Lessor" under A.R.S. §42-6201(1), and Tenant is a "Prime Lessee" under A.R.S. §42-6201(4).

C. The Premises are located in a single central business district in a redevelopment area established pursuant to Title 36, Chapter 12, Article 3 of Arizona Revised Statutes (A.R.S. §§36-1471 et seq.). Construction of the buildings and other improvements constituting part of the Premises resulted in an increase in property value of at least one hundred percent.

D. The Premises will be subject to the Government Property Lease Excise Tax as provided for under A.R.S. §42-6202 (the "**Tax**" or "**GPLET**"). The Premises are subject to all statutorily-authorized property tax abatements, including without limitation, all such abatements or rates available pursuant to the provisions of A.R.S. §§ 42-6201 through 42-6209, inclusive, as in effect on May 20, 2010 which were reserved for the Premises in Resolution 2010.76. Accordingly, the Tax will be abated for the period beginning October 29, 2015, which is the date the Certificate of Occupancy for the building on the Premises was issued (the "**Commencement Date**"), and ending eight (8) years thereafter. The Landlord acknowledges that construction of the Premises is a redevelopment of the land described in Exhibit A and will result in improvements to and new uses of such property, in that the Landlord and the general public will directly and indirectly realize substantial tangible and intangible benefits from the redevelopment of such land and the construction of the Premises described herein, including, without limitation, the redevelopment of a key commercial area within the corporate boundaries of the City of Tempe, the facilitation of the expansion of the employment base within the City of Tempe, incentivizing the redevelopment of adjacent properties, and other benefits more particularly described in that certain Development and Disposition Agreement between the Landlord and Tenant, dated as of February 14, 2013, and recorded on March 18, 2013 as

Instrument No. 2013-0246646, Official Records of Maricopa County, Arizona (as amended from time to time, the "**Development Agreement**"). But for the abatement, Tenant would not have caused the Premises to be constructed.

## AGREEMENT

For and in consideration of the rental and of the covenants and agreements hereinafter set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

1. Quiet Enjoyment. Landlord covenants and agrees with Tenant that conditioned upon Tenant's paying the rent and other amounts payable hereunder and performing and fulfilling all the covenants, agreements, conditions and provisions herein to be kept, observed or performed by Tenant, Tenant may at all times during the term hereof peaceably, quietly and exclusively have, hold and enjoy the Premises.

2. Term. The term of this Lease shall be for eight (8) years, commencing on the Commencement Date and ending at midnight on the day immediately prior to the eighth (8th) anniversary of the Commencement Date, subject to earlier termination at Tenant's option, as provided herein.

3. Rent, GPLET Provisions.

3.1 Rental. During the term of this Lease, Tenant shall pay to Landlord as rental for the Premises an amount per annum equal to fifty percent (50%) of what the property taxes for the Property otherwise would have been, as reasonably determined by City using then available tax rates and valuations. City shall use its reasonable good faith efforts to notify Tenant in writing of the amount of the annual rent at least 60 days before each anniversary of the Commencement Date. The amount of the annual rent for the first year of the Lease Term is $147,504.92. Rent shall be payable in four equal quarterly installments, commencing on the Commencement Date, and continuing on the first day of the first month of each calendar quarter thereafter (i.e., January, April, July and October) during the term of this Lease. Excluding the first quarterly payment of rent due as of the Commencement Date in the amount of $18,037.29 for the period running from the Commencement Date through December 31, 2015, rent shall not be prorated. Landlord shall not be required to send any notice that the rent is due, or provide any notice on the failure to pay rent when due. The consideration for this Lease includes, without limitation: Tenant's payment of the entire cost of construction of the improvements constituting the Premises, Tenant's performance of all of the covenants and obligations under this Lease, and Tenant's contribution toward fulfillment of Landlord's policy and desire to promote development within a redevelopment area, to encourage the creation of jobs within the City of Tempe, and to enhance tax revenues resulting from the operation of businesses on the Premises, including transaction privilege taxes and the government property lease excise tax.

In addition to those defaults described in Section 17 hereof, the chronic delinquency by Tenant in the payment of rent shall be a default. "**Chronic Delinquency**" shall mean failure by Tenant to pay the rent by the third business day of any calendar quarter, more than once during any calendar year. In the event of the chronic delinquency, at Landlord's option, Landlord shall have the right in addition to all other remedies provided for elsewhere in this Lease, to require that rent be paid by Tenant annually, in advance, on each anniversary of the Commencement Date for the remainder of the Lease term. Tenant acknowledges that late payment of rent and other sums due hereunder or payment by check which is returned for reasons which are no fault of Landlord will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be very difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord. Accordingly, if any installment of rent is not paid on or before the third day of each calendar quarter or any other sum due from Lessee is not paid in full by Tenant when due, or shall be paid by check which is returned for any reason not the fault of Landlord, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amounts plus any amount incurred by Landlord to its bank for returned check charges. The parties hereby agree that such late charges represent a fair and reasonable estimate of the costs Landlord will incur as a result of late payments and returned checks. Acceptance of a late charge shall not constitute liquidated damages, shall not operate to excuse or waive any default of lessee, and shall not limit Landlord's other remedies in any manner whatsoever.

3.2 Government Property Lease Excise Tax. As required under A.R.S. § 42-6206, Tenant is hereby notified of its potential tax liability under the Government Property Lease Excise Tax ("**GPLET**" or "**Tax**") provisions of A.R.S. § 42-6201 through 42-6209, as now or hereafter amended. Failure by Tenant to pay the tax after notice and an opportunity to cure could result in divesting Tenant of any interest in or occupancy of the government property improvements to which this Lease applies. However, Landlord hereby abates Tenant's obligation for the GPLET for the Premises pursuant to A.R.S. § 42-6209 for the eight (8) year period beginning on the Commencement Date and waives the requirement that Tenant apply for such abatement. Landlord agrees to take any additional action as necessary for Tenant to qualify for GPLET tax treatment so that (i) the period of abatement for the Premises will run for a period of eight (8) years from the Commencement Date, and (ii) the Premises will be taxed as "government property improvements" in accordance with A.R.S. § 42-6201 through 42-6209, as now or hereafter amended from the expiration of the eight (8) year abatement period through the end of the Term, if applicable.

4. Mortgage of Premises.

4.1 Tenant is hereby given the absolute right without the Landlord's consent to create a security interest in Tenant's leasehold interest under this Lease (and in any subleases and the rents, income and profits therefrom) by mortgage, deed of trust or collateral assignment or otherwise. Any such security interest shall be referred to herein as a "**Leasehold Mortgage,**" and the holder of a Leasehold Mortgage shall be referred to herein as a "**Leasehold Mortgagee.**"

4.2 No liability for the performance of Tenant's covenants and agreements hereunder shall attach to or be imposed upon any Leasehold Mortgagee, unless such Leasehold Mortgagee forecloses its interest and becomes the Tenant hereunder, following which the liability shall attach only during the term of ownership of the leasehold estate by said Leasehold Mortgagee.

5. Use. Subject to A.R.S. §42-6201(2) and any restrictions expressly set forth in the Development Agreement, the Premises may be used and occupied by Tenant for any lawful purpose.

6. Landlord Nonresponsibility. Landlord shall have no responsibility, obligation or liability under this Lease whatsoever with respect to any of the following:

(a) utilities, including gas, heat, water, light, power, telephone, sewage, and any other utilities supplied to the Premises;

(b) disruption in the supply of services or utilities to the Premises;

(c) maintenance, repair or restoration of the Premises; and

(d) any other cost, expense, duty, obligation, service or function related to the Premises or the ownership or operation thereof.

7. Tenant's Responsibility. Since this Lease is entered into pursuant to A.R.S. §42-6201, et seq. to enable Tenant to receive a tax abatement upon the Premises, Tenant shall have the responsibility, obligation, and liability for any and all expenses set forth in Section 6 above. In addition, Tenant shall pay upon demand by Landlord, all charges related to any improvement district liens together with any interest or late charges connected therewith which exist against the Property or which are imposed upon the Property during the existence of this Lease. If Landlord, during the term of this Lease, is required to pay any costs or expenses in connection with the ownership or operation of the Premises, Tenant shall indemnify, hold harmless, and immediately reimburse Landlord for any such costs or expenses. Landlord during the term of this Lease shall not encumber or cause any lien to be imposed upon the Premises except for any cost or expense that is imposed upon the Premises during the normal course of government actions or is imposed by law.

8. Entry by Landlord. Landlord and Landlord's agents shall have the right at reasonable times and upon reasonable notice to enter upon the Premises for inspection, except that Landlord shall have no right to enter portions of any building on the Premises without the prior written consent of the occupant or as provided by law.

9. Alterations. Tenant shall have the right to make subsequent alterations, additions or other changes to any improvements or fixtures existing from time to time, and the Premises shall constitute all such improvements as they exist from time to time. In connection with any action which Tenant may take with respect to Tenant's rights pursuant hereto, Landlord shall not be responsible for and Tenant shall pay all costs, expenses and

liabilities arising out of or in any way connected with such improvements, alterations, additions or other changes made by Tenant, including, without limitation, materialmen's and mechanics' liens. Tenant covenants and agrees that Landlord shall not be called upon or be obligated to make any improvements, alterations or repairs whatsoever in or about the Premises, and Landlord shall not be liable or accountable for any damages to the Premises or any property located thereon. Tenant shall have the right at any time to demolish or substantially demolish improvements located upon the Premises. In making improvements and alterations, Tenant shall not be deemed Landlord's agent and shall hold Landlord harmless from any expense or damage Landlord may incur or suffer. Title to all improvements shall at all times be vested in Landlord.

10. Easements, Dedications and Other Matters. At the request of Tenant, when not in default hereunder, Landlord shall dedicate or initiate a request for dedication to public use of the improvements owned by Landlord within any roads, alleys or easements and convey any portion so dedicated to the appropriate governmental authority, execute (or participate in a request for initiation by the appropriate commission or department of) petitions seeking a change in zoning for all or a portion of the Premises, consent to the making and recording, or either, of any map, plat, condominium documents, or declaration of covenants, conditions and restrictions of or relating to the Premises or any part thereof, join in granting any easements on the Premises, and execute and deliver (in recordable form where appropriate) all other instruments and perform all other acts reasonably necessary or appropriate to the development, construction, razing, redevelopment or reconstruction of the Premises.

11. Insurance. During the term of this Lease, the Tenant shall, at Tenant's expense, maintain general public liability insurance against claims for personal injury, death or property damage occurring in, upon or about the Premises, with limits of liability not less than $5,000,000.00 combined single limit. All of Tenant's policies of liability insurance shall name Landlord and all Leasehold Mortgagees as additional insureds, and certificates with respect to all policies of insurance or copies thereof required to be carried by Tenant under this Section 11 shall be delivered to Landlord. Each policy shall contain an endorsement prohibiting cancellation or nonrenewal without at least thirty (30) days prior notice to Landlord (thirty (30) days for nonpayment). In the event that any such policy of insurance required to be maintained by Tenant hereunder is terminated, canceled or not renewed by the carrier thereof, and Tenant fails to immediately cause such insurance policy to be reinstated or secure a new policy as of the effective date of cancellation, termination or nonrenewal, men, in that event, in addition to all other rights and remedies available to Landlord hereunder, Landlord shall have the right (without first being required to provide any notice or opportunity to cure to Tenant) to immediately obtain all such required insurance, whereupon the premiums paid therefor by Landlord shall be due and payable by Tenant to Landlord immediately upon Tenant's receipt of written notice from Landlord. Tenant may self-insure the coverages required by this section with the prior approval of Landlord, which will not be unreasonably withheld, and may maintain such reasonable deductibles and retention amounts as Tenant may determine subject to Landlord's reasonable approval.

12. Liability; Indemnity. Tenant covenants and agrees that Landlord is to be free from liability and claim for damages by reason of any injury to any person or persons, including Tenant, or property of any kind whatsoever and to whomsoever while in, upon or in any way connected with the Premises during the term of this Lease or any extension hereof, or any occupancy hereunder, Tenant hereby covenanting and agreeing to indemnify and save harmless Landlord from all, liability, loss, costs and obligations on account of or arising out of any such injuries or losses, however occurring, unless caused by the sole and gross negligence or willful misconduct of Landlord, its agents, employees or invitees. Landlord agrees that Tenant shall have the right to contest the validity of any and all such claims and defend, settle and compromise any and all such claims of any kind or character and by whomsoever claimed, in the name of Landlord, as Tenant may deem necessary, provided that the expenses thereof shall be paid by Tenant. The provisions of this section shall survive the expiration or other termination of this Lease for a period of one (1) year.

13. Fire and Other Casualty. In the event that all or any improvements or fixtures within the Premises shall be totally or partially destroyed or damaged by fire or other insurable casualty, this Lease shall continue in full force and effect, and, Tenant, at Tenant's sole cost and expense, may, but shall not be obligated to, rebuild or repair the same. Landlord and Tenant agree that the provisions of A.R.S. § 33-343 shall not apply to this Lease. In the event that Tenant elects to repair or rebuild the improvements, any such repair or rebuilding shall be performed at the sole cost and expense of Tenant. If there are insurance proceeds resulting from such damage or destruction, Tenant shall be entitled to such proceeds, whether or not Tenant rebuilds or repairs the improvements or fixtures.

14. Condemnation.

14.1 Entire or Partial Condemnation. If the whole or any part of the Premises shall be taken or condemned by any competent authority for any public use or purposes during the term of the Lease, this Lease shall terminate with respect to the part of the Premises so taken, and, Tenant reserves unto itself the right to claim and prosecute its claim in all appropriate courts and agencies for any award or damages based upon loss, damage or injury to its leasehold interest (as well as relocation and moving costs), in consideration of Tenant's payment for all of the cost of construction of the improvements constituting the Premises, Landlord hereby assigns to Tenant all claims, awards and entitlements relating to the Premises arising from the exercise of the power of condemnation or eminent domain, including, without limitation, any claims for loss of fee title interest in the Premises.

14.2 Continuation of Lease. In the event of a taking of less than all of the Premises, this Lease shall continue in effect with respect to the portion of the Premises not so taken.

14.3 Temporary Taking. If the temporary use of the whole or any part of the Premises or the appurtenances thereto shall be taken, the term of this Lease shall not be reduced or affected in any way. The entire award of such taking (whether paid by way of damages, rent, or otherwise) shall be payable to Tenant, subject to the applicable provisions of any Leasehold Mortgage.

14.4 Notice of Condemnation. In the event any action is filed to condemn the Premises or Tenant's leasehold estate or any part thereof by any public or quasi-public authority under the power of eminent domain or in the event that an action is filed to acquire the temporary use of the Premises or Tenant's leasehold estate or any part thereof, or in the event that action is threatened or any public or quasi-public authority communicates to Landlord or Tenant its desire to acquire the temporary use thereof, by a voluntary conveyance or transfer in lieu of condemnation, either Landlord or Tenant shall give prompt notice thereof to the other and to any Leasehold Mortgagee. Landlord, Tenant and each Leasehold Mortgagee shall each have the right, at its own cost and expense, to represent its respective interest in each proceeding, negotiation or settlement with respect to any taking or threatened taking. No agreement, settlement, conveyance or transfer to or with the condemning authority affecting Tenant's leasehold interest shall be made without the consent of Tenant and each Leasehold Mortgagee.

15. Termination Option.

15.1 Grant of Option. In the event changes in applicable law nullify, remove, or vitiate the economic benefit to Tenant provided by this Lease or if any person or entity succeeds to Tenant's interest hereunder by foreclosure sale, trustee's sale, or deed in lieu of foreclosure (collectively, "**Foreclosure**"), Tenant or Tenant's successor by Foreclosure shall have the option, exercisable by written notice to Landlord, to terminate this Lease effective sixty (60) days after the date of the notice. Upon default under the Leasehold Mortgage, Tenant or Tenant's successor by Foreclosure, as the case may be, shall have the option, exercisable by written notice to Landlord, to terminate this Lease effective sixty (60) days after the date of the notice. Simultaneously with, and effective as of such termination, title to the Premises (including all improvements constituting a part thereof) shall automatically vest in Tenant and Landlord shall comply with the obligations under Article 19.

15.2 Leasehold Mortgages. If there are any Leasehold Mortgagees as defined in Section 4.1, Tenant may not terminate, modify or waive its Option under this section without the approval of the Leasehold Mortgagees, and Landlord will not recognize or consent thereto without such approval.

16. Assignment; Subletting.

16.1 Transfer by Tenant. Tenant shall have the right to assign or transfer this Lease, or to sublease all or any part of the Premises.

16.2 Liability. Each assignee hereby assumes all of the obligations of the Tenant under the Lease (but not for liabilities or obligations arising prior to such assignment becoming effective). Each assignment shall automatically release the assignor from any personal liability in respect of any obligations or liabilities arising under the Lease from and after the date of assignment, and Landlord shall not seek recourse for any such liability against any assignor or its personal assets. Landlord agrees that performance by a subtenant or assignee of Tenant's obligations under this Lease shall satisfy Tenant's obligations hereunder and Landlord shall accept performance by any such subtenant.

17. Default; Remedies: Protection of Leasehold Mortgagee and Subtenants.

17.1 Default. The failure by Tenant to observe and perform any material provision of this Lease (other than the payment of rent) to be observed or performed by Tenant, where such failure continues for 30 days after written notice thereof by Landlord to Tenant, shall constitute a default and breach of this Lease by Tenant; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such 30 day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion. It shall also be a default hereunder if Tenant fails to pay the Rent by the third business day of any calendar quarter; no notice of such failure shall be required.

17.2 Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, by written notice to Tenant terminate this Lease, in which case Tenant shall immediately surrender possession of the Premises to Landlord. Rent shall not be prorated in the event of any such termination, and Tenant hereby acknowledges and agrees that Landlord shall be entitled to retain any rent previously paid.

17.3 Leasehold Mortgagee Default Protections. If any Leasehold Mortgagee shall give written notice to Landlord of its Leasehold Mortgage, together with the name and address of the Leasehold Mortgagee, then, notwithstanding anything to the contrary in this Lease, until the time, if any, that the Leasehold Mortgage shall be satisfied and released of record or the Leasehold Mortgagee shall give to Landlord written notice that said Leasehold Mortgage has been satisfied:

(a) No act or agreement between or on the part of Landlord or Tenant to cancel, terminate, surrender, amend, or modify this Lease or Tenant's right to possession shall be binding upon or effective as against the Leasehold Mortgagee without its prior written consent.

(b) If Landlord shall give any notice, demand, election or other communication required hereunder (hereinafter collectively "**Notices**") to Tenant hereunder, Landlord shall concurrently give a copy of each such Notice to the Leasehold Mortgagee at the address designated by the Leasehold Mortgagee. Such copies of Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given seventy-two hours after the time such copy is deposited in a United States Post Office with postage charges prepaid, addressed to the Leasehold Mortgagee. No Notice given by Landlord to Tenant shall be binding upon or affect Tenant or the Leasehold Mortgagee unless a copy of the Notice shall be given to the Leasehold Mortgagee pursuant to this subsection. In the case of an assignment of the Leasehold Mortgage or change in address of the Leasehold Mortgagee, the assignee or Leasehold Mortgagee, by written notice to Landlord, may change the address to which such copies of Notices are to be sent.

(c) The Leasehold Mortgagee shall have the right, for a period of 30 days after the expiration of any grace period afforded Tenant to perform any term, covenant, or condition and to remedy any default by Tenant hereunder or such longer

period as the Leasehold Mortgagee may reasonably require to effect a cure, and Landlord shall accept such performance with the same force and effect as if furnished by Tenant, and the Leasehold Mortgagee shall thereby and hereby be subrogated to the rights of Landlord. The Leasehold Mortgagee shall have the right to enter upon the Premises to give such performance.

(d) In case of a default by Tenant in the performance or observance of any nonmonetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Leasehold Mortgagee without taking possession of the Premises, in such Leasehold Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Leasehold Mortgagee, then Landlord shall not serve a notice of lease termination pursuant to Section 17.2 if and so long as:

(i) the Leasehold Mortgagee shall proceed diligently to obtain possession of the Premises as mortgagee (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession); or

(ii) the Leasehold Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Tenant's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure and subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession).

(iii) The Leasehold Mortgagee shall not be required to obtain possession or to continue in possession as mortgagee of the Premises pursuant to Section 17.3(d)(i) above, or to continue to prosecute foreclosure proceedings pursuant to Section 17.3(d)(ii) above, if and when such default shall be cured.

(e) If any Leasehold Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant, the times specified in subparagraphs (d)(i) and (ii) above, for commencing or prosecuting foreclosure or other proceedings shall be extended for the period of the prohibition.

(f) No option of Tenant hereunder may be exercised, and no consent of Tenant allowed or required hereunder shall be effective without the prior written consent of any Leasehold Mortgagee.

17.4 Protection of Subtenant. Landlord covenants that notwithstanding any default under or termination of this Lease or of Tenant's possessory rights, Landlord: (a) so long as a subtenant within the Premises complies with the terms and conditions of its sublease, shall not disturb the peaceful possession of the subtenant under

its sublease, and in the event of a default by a subtenant, Landlord may only disturb the possession or other rights of the subtenant as provided in the sublease, (b) shall recognize the continued existence of the sublease, (c) shall accept the subtenant's attornment, as subtenant under the sublease, to Landlord, as landlord under the sublease, and (d) shall be bound by the provisions of the sublease, including all options. Notwithstanding anything to the contrary in this Lease, no act or agreement between or on the part of Landlord or Tenant to cancel, terminate, surrender or modify this Lease or Tenant's right to possession shall be binding upon or effective as against any subtenant without its prior written consent.

18. New Lease.

18.1 Right to Lease. Landlord agrees that, in the event of termination of this Lease for any reason (including but not limited to any default by Tenant), Landlord, if requested by any Leasehold Mortgagee, will enter into a new lease of the Premises with the most senior Leasehold Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided:

(a) Such Leasehold Mortgagee shall make written request upon Landlord for the new lease within sixty (60) days after the date such Leasehold Mortgagee receives written notice from Landlord that the Lease has been terminated;

(b) Such Leasehold Mortgagee shall pay to Landlord at the time of the execution and delivery of the new lease any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Landlord shall have incurred by reason of such termination;

(c) Such Leasehold Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Tenant, and shall further remedy any other conditions which Tenant under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Leasehold Mortgagee; and

(d) The tenant under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises as Tenant had under the Lease immediately prior to its termination. Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this Section 18 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

18.2 No Obligation. Nothing herein contained shall require any Leasehold Mortgagee to enter into a new lease pursuant to this Section 18 or to cure any default of Tenant referred to above.

18.3 Possession. If any Leasehold Mortgagee shall demand a new lease as provided in this Section 18, Landlord agrees, at the request of, on behalf of and at the expense of the Leasehold Mortgagee, upon a guaranty from it reasonably satisfactory to Landlord, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Tenant from the Premises, but not any subtenants actually occupying the Premises or any part thereof.

18.4 Grace Period. Unless and until Landlord has received notice from each Leasehold Mortgagee that the Leasehold Mortgagee elects not to demand a new lease as provided in this Section 18, or until the period therefor has expired, Landlord shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Leasehold Mortgagee.

18.5 Effect of Transfer. Neither the foreclosure of any Leasehold Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage), nor any conveyance of the leasehold estate created by this Lease by Tenant to any Leasehold Mortgagee or its designee by an assignment or by a deed in lieu of foreclosure or other similar instrument shall require the consent of Landlord under, or constitute a default under, this Lease, and upon such foreclosure, sale or conveyance, Landlord shall recognize the purchaser or other transferee in connection therewith as the Tenant under this Lease.

19. No Merger. In no event shall the leasehold interest, estate or rights of Tenant hereunder, or of any Leasehold Mortgagee, merge with any interest, estate or rights of Landlord in or to the premises. Such leasehold interest, estate and rights of any Leasehold Mortgagee, shall be deemed to be separate and distinct from Landlord's interest, estate and rights in or to the Premises, notwithstanding that any such interests, estates or rights shall at any time be held by or vested in the same person, corporation or other entity.

20. Surrender; Reconveyance.

20.1 Reconveyance Upon Termination or Expiration. On the last day of the term of this Lease or upon any termination of this Lease, whether under Article 17 above or otherwise, title to the Premises (including all improvements constituting a part thereof) shall automatically vest in Tenant or Tenant's successor by Foreclosure, as the case may be.

20.2 Reconveyance Documents. Without limiting the foregoing, Landlord upon request shall execute and deliver: (a) a deed or bill of sale reconveying all of Landlord's right title and interest in the improvements to Tenant; (b) a memorandum in recordable form reflecting the termination of this Lease; (c) an assignment of Landlord's right, title and interest in and to all licenses, permits, guaranties and warranties relating to

the ownership or operation of the Premises to which Landlord is a party and which are assignable by Landlord, and (d) such other reasonable and customary documents as may be required by Tenant or its title insurer including, without limitation, FIRPTA and mechanic's lien affidavits, to confirm the termination of this Lease and the revesting of title to the Premises in Tenant.

20.3 Title and Warranties. The Premises shall be conveyed "AS IS" without representation or warranty whatsoever. Upon any reconveyance, Landlord shall satisfy all liens and monetary encumbrances on the Premises created by Landlord without the consent of Tenant.

20.4 Expenses. All costs of title insurance, escrow fees, recording fees and other expenses of the reconveyance, except Landlord's own attorneys' fees and any commissions payable to any broker retained by Landlord, shall be paid by Tenant.

21. Trade Fixtures, Machinery and Equipment. Landlord agrees that all trade fixtures, machinery, equipment, furniture or other personal property of whatever kind and nature kept or installed on the Premises by Tenant or Tenant's subtenants may be removed by Tenant or Tenant's subtenants, or their agents and employees, in their discretion, at any time and from time to time during the entire term or upon the expiration of this Lease. Tenant agrees that in the event of damage to the Premises due to such removal it will repair or restore the same. Upon request of Tenant or Tenant's assignees or any subtenant, Landlord shall execute and deliver any consent or waiver forms submitted by any vendors, Landlords, chattel mortgagees or holders or owners of any trade fixtures, machinery, equipment, furniture or other personal property of any kind and description kept or installed on the Premises by any subtenant setting forth the fact that Landlord waives, in favor of such vendor, Landlord, chattel mortgagee or any holder or owner, any lien, claim, interest or other right therein superior to that of such vendor, Landlord, chattel mortgagee, owner or holder. Landlord shall further acknowledge that property covered by such consent or waiver forms is personal properly and is not to become a part of the realty no matter how affixed thereto and that such property may be removed from the Premises by the vendor, Landlord, chattel mortgagee, owner or holder at any time upon default by the Tenant or the subtenant in accordance with the terms of such chattel mortgage or other similar documents, free and clear of any claim or lien of Landlord.

22. Estoppel Certificate.

22.1 Landlord shall at any time and from time to time upon not less than ten (10) days' prior written notice from Tenant or any Leasehold Mortgagee execute, acknowledge and deliver to Tenant or the Leasehold Mortgagee a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any; (b) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if they are claimed; and (c) certifying such other matters relating to this Lease as Tenant or the Leasehold Mortgagee may reasonably request. Any such statement may be relied upon by any

prospective purchaser or encumbrances of all or any portion of the leasehold estate and/or the improvements.

22.2 Landlord's failure to deliver a statement within the time prescribed shall be conclusive upon Landlord (a) that this Lease is in full force and effect, without modification except as may be represented by Tenant; and (b) that there are no uncured defaults in Tenant's performance.

23. General Provisions.

23.1 Attorneys' Fees. In the event of any suit instituted by either party against the other in any way connected with this Lease or for the recovery of possession of the Premises, the parties respectively agree that the successful party to any such action shall recover from the other party a reasonable sum for its attorneys' fees and costs in connection with said suit, such attorneys' fees and costs to be fixed by the court.

23.2 Transfer or Encumbrance of Landlord's Interest. Landlord may not transfer or convey its interest in this Lease or in the Premises during the term of this Lease without the prior written consent of Tenant, which consent may be given or withheld in Tenant's sole and absolute discretion. In the event of permitted sale or conveyance by Landlord of Landlord's interest in the Premises, other than a transfer for security purposes only, Landlord shall be relieved, from and after the date specified in such notice of transfer, of all obligations and liabilities accruing thereafter on the part of the Landlord, provided that any funds in the hands of Landlord at the time of transfer in which Tenant has an interest, shall be delivered to the successor of Landlord. This Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee provided all of Landlord's obligations hereunder are assumed in writing by the transferee. Landlord shall not grant or create mortgages, deeds of trust or other encumbrances of any kind against the Premises or rights of Landlord hereunder, and, without limiting the generality of the foregoing, Landlord shall have no right or power to grant or create mortgages, deeds of trust or other encumbrances superior to this Lease without the consent of Tenant in its sole and absolute discretion. Any mortgage, deed of trust or other encumbrance granted or created by Landlord shall be subject to this Lease, all subleases and all their respective provisions including, without limitations, the options under this Lease and any subleases with respect to the purchase of the Premises.

23.3 Captions: Attachments; Defined Terms.

(a) The captions of the sections of the Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease.

(b) Exhibits attached hereto, and addenda and schedules initialed by the parties, are deemed by attachment to constitute part of this Lease and are incorporated herein.

(c) The words "**Landlord**" and "**Tenant**," as used herein, shall include the plural as well as the singular. The obligations contained in this Lease to be

performed by Tenant and Landlord shall be binding on Tenant's and Landlord's successors and assigns only during their respective periods of ownership.

23.4 Entire Agreement. This Lease along with any addenda, exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this Lease and the addenda, exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by the party to be bound thereby. Landlord and Tenant agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents or representatives relative to the leasing of the Premises are merged in or revoked by this Lease, except as set forth in any addenda hereto.

23.5 Severability. If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

23.6 Binding Effect: Choice of Law. The parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate paragraph hereof. All of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Arizona.

23.7 Memorandum of Lease. The parties shall, concurrently with the execution of this Lease, complete, execute, acknowledge and record (at Tenant's expense) a Memorandum of Lease, a form of which is attached hereto as Exhibit B.

23.8 Notices. All notices under this Lease shall be in writing and (a) delivered personally, (b) delivered by a reputable, nationally-recognized overnight courier service, (c) mailed by registered or certified mail, postage prepaid, return receipt requested, or (d) sent by a facsimile transmission (provided that any notices delivered by facsimile transmission shall be followed by a confirming hard copy delivered in any other manner for providing notice as described in the foregoing), to the parties at the following addresses:

| | |
|---|---|
| To Developer: | Liberty Property Limited Partnership<br>15333 N. Pima Road, Suite 375<br>Scottsdale, Arizona 85260<br>Attn: John DiVall |
| With a copy to: | Liberty Property Trust<br>500 Chesterfield Parkway<br>Malvern, PA 19355<br>Attn: Bonnie S. Milavec, Esq. |

| | |
|---|---|
| And: | Quarles & Brady LLP<br>One Renaissance Square<br>Two North Central Avenue<br>Phoenix, Arizona 85004-2391<br>Attn: Derek Sorenson |
| To Landlord: | City Manager<br>City of Tempe<br>31 East Fifth Street<br>Tempe, Arizona 85281 |
| With a copy to: | City Attorney<br>City of Tempe<br>21 East Sixth Street, Suite 201<br>Tempe, Arizona 85281 |

or to such other street address as may be designated by the respective parties in writing from time to time.

23.9 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition.

23.10 Negation of Partnership. Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reason of the provisions of this Lease.

23.11 Leasehold Mortgagee; Further Assurances. Landlord and Tenant shall cooperate in including in this Lease by suitable amendment from time to time any provision which may be reasonably requested by any proposed Leasehold Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Lease, of allowing that Leasehold Mortgagee reasonable means to protect or preserve the lien of its Leasehold Mortgage upon the occurrence of a default under the terms of this Lease and of confirming the elimination of the ability of Tenant to modify, terminate or waive this Lease or any of its provisions without the prior written approval of the Leasehold Mortgagee. Landlord and Tenant each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term or rent under this Lease nor otherwise in any material respect adversely affect any rights of Landlord under this Lease.

*Remainder of Page intentionally left blank.*
*Signature page follows.*

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the date and year first written above.

ATTEST:

Brigitta M. Kuiper, City Clerk

*"CITY"*

THE CITY OF TEMPE, an Arizona municipal corporation

By: Mark W. Mitchell, Mayor

APPROVED AS TO FORM:

Judith R. Baumann, City Attorney

STATE OF ARIZONA )
) ss.
COUNTY OF MARICOPA )

The foregoing Lease was acknowledged before me this 10th day of November, 2015, by Mark W. Mitchell, Mayor of THE CITY OF TEMPE, an Arizona municipal corporation, and that in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires:

KAY SAVARD
Notary Public - Arizona
Maricopa County
My Comm. Expires Aug 20, 2017

C2013-14L



QB\37092010.1
11/12/15

*"DEVELOPER"*

LIBERTY PROPERTY LIMITED PARTNERSHIP, a Pennsylvania limited partnership

BY: Liberty Property Trust, its sole general partner

By: _____
Name: John DiVall
Title: Sr. Vice President, City Manager

STATE OF ARIZONA )
) ss.
COUNTY OF MARICOPA )

The foregoing Lease was acknowledged before me this 13th day of November, 2015, by John DiVall, the Senior Vice President, City Manager of Liberty Property Trust, the sole general partner of Liberty Property Limited Partnership, a Pennsylvania limited partnership, and that in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My Commission Expires:

Feb 15, 2016

DEBORAH L. SARJEANT
Notary Public - State of Arizona
MARICOPA COUNTY
My Commission Expires
February 15, 2016

EXHIBIT A

Legal Description of Premises

Lot 1, LIBERTY CENTER AT RIO SALADO UNIT 4, according to the plat recorded in Book 1217 of Maps, page 39, Official Records of Maricopa County, Arizona.

EXHIBIT B

Form of Memorandum of Lease

WHEN RECORDED, MAIL TO:

City of Tempe Basket

**MEMORANDUM OF LAND AND IMPROVEMENTS LEASE**

**THIS MEMORANDUM OF LAND AND IMPROVEMENTS LEASE** (the "**Memorandum**") is made and entered into this _____ day of _____, 2015, to be effective October 29, 2015, by and between the **CITY OF TEMPE**, an Arizona municipal corporation ("**Landlord**"), and **LIBERTY PROPERTY LIMITED PARTNERSHIP,** a Pennsylvania limited partnership ("**Tenant**"). Landlord and Tenant are sometimes referred to in this Agreement collectively as the "**Parties**," or individually as a "**Party**." The Parties hereby agree as follows:

1. The Parties have entered into and executed that certain Lease of even date with this Memorandum (the "**Lease**") whereby Landlord has leased to Tenant, and Tenant has leased from Landlord, that certain real property described in Exhibit A (the "**Land**"), together with all rights and privileges appurtenant to, and all present and future improvements on, the Land (collectively the "**Premises**"), for a term commencing on the Commencement Date as defined in the Lease and expiring eight (8) years thereafter. The Lease sets forth all terms and provisions relative to the lease of the Premises by Landlord to Tenant. Without limiting the generality of the foregoing, Tenant has the right to mortgage its leasehold interest and there are restrictions on the right of Landlord to transfer or encumber its interest in the Premises or the Lease.

2. The Parties consider the Lease to be a binding agreement between them creating vested rights in and for Tenant superior to the right, title and interest of any third party later acquiring any interest in the Premises, including but not limited to purchasers of the Premises or lienholders acquiring any lien or encumbrance interest against the Premises. All persons dealing with the Premises are advised to contact Tenant and Landlord to ascertain the current status of the Lease and Tenant's tenancy rights and leasehold interests in the Premises. The Parties are executing and recording this Memorandum, as authorized by the Lease, to provide constructive notice to all persons dealing with the Premises of the binding and vested rights of Tenant and the leasehold interests of Tenant created by the Lease.

**IN WITNESS WHEREOF**, the Parties have executed this Memorandum to be effective on the date first written above.

**[SIGNATURES FOLLOW ON NEXT PAGE]**

IN WITNESS WHEREOF, the City, as Landlord, has caused this Memorandum of Lease to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested to by the City Clerk and the Tenant has executed and sealed the same on or as of this _____ day of _____, 2015.

ATTEST:

_____

City Clerk

APPROVED AS TO FORM:

_____

City Attorney

**LANDLORD:**

THE CITY OF TEMPE, an Arizona municipal corporation

By:_____

Mark W. Mitchell, Mayor

STATE OF ARIZONA )
)ss.
County of MARICOPA )

The foregoing Memorandum of Lease was acknowledged before me this _____ day of _____, 2015, by Mark W. Mitchell, Mayor of THE CITY OF TEMPE, an Arizona municipal corporation, and that in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____

NOTARY PUBLIC

My Commission Expires:

_____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**TENANT:**

LIBERTY PROPERTY LIMITED PARTNERSHIP, a Pennsylvania limited partnership

By Liberty Property Trust, its sole general partner

By: _____
Name: _____
Title: _____

STATE OF ARIZONA )
)ss.
County of MARICOPA )

The foregoing Memorandum of Lease was acknowledged before me this _____ day of _____, 2015, by _____, the _____ of Liberty Property Trust, the sole general partner of Liberty Property Limited Partnership, a limited partnership, and that in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

_____
NOTARY PUBLIC

My Commission Expires:

_____

Exhibit A to Exhibit B

**Description of the Land**

Lot 1, LIBERTY CENTER AT RIO SALADO UNIT 4, according to the plat recorded in Book 1217 of Maps, page 39, Official Records of Maricopa County, Arizona.