

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

512 Seventh Avenue, New York, New York
(Address of Principal Executive Offices)

41-1590959
(I.R.S. Employer
Identification No.)

10018
(Zip Code)

(212) 403-0500
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 1, 2014, there were 20,541,266 shares of issuer's common stock, par value \$0.01 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, 2014 (Unaudited)	April 30, 2013 (Unaudited)	January 31, 2014
(In thousands, except share and per share amounts)			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 23,610	\$ 20,620	\$ 22,091
Accounts receivable, net of allowances for doubtful accounts and sales discounts of \$51,034, \$35,585 and \$54,987, respectively	145,010	151,841	160,010
Inventories	322,659	242,072	359,639
Prepaid income taxes	16,529	2,226	6,807
Deferred income taxes, net	16,331	10,290	16,331
Prepaid expenses and other current assets	26,796	24,392	21,312
Total current assets	550,935	451,441	586,190
PROPERTY AND EQUIPMENT, NET	69,080	43,912	62,832
OTHER ASSETS	32,848	20,323	31,259
OTHER INTANGIBLES, NET	13,741	12,905	13,926
TRADEMARKS, NET	80,959	74,285	81,086
GOODWILL	55,572	61,359	55,604
	<u>\$ 803,135</u>	<u>\$ 664,225</u>	<u>\$ 830,897</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 62,950	\$ 76,088	\$ 48,843
Accounts payable	103,382	69,682	131,241
Accrued expenses	36,839	30,403	56,468
Due to noncontrolling shareholder	5,146	2,444	4,674
Total current liabilities	208,317	178,617	241,226
NOTES PAYABLE	20,537	19,231	20,560
DEFERRED INCOME TAXES, NET	22,078	16,316	22,100
CONTINGENT PURCHASE PRICE PAYABLE	5,544	5,627	5,550
OTHER NON-CURRENT LIABILITIES	20,154	13,280	19,465
TOTAL LIABILITIES	<u>276,630</u>	<u>233,071</u>	<u>308,901</u>
STOCKHOLDERS' EQUITY			
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding			
Common stock - \$.01 par value; 80,000,000 shares authorized; 21,033,491, 20,735,127 and 20,935,804 shares issued			
	210	208	209
Additional paid-in capital	188,294	174,389	184,841
Accumulated other comprehensive income	6,129	1,144	6,165
Retained earnings	337,088	259,556	335,797
Common stock held in treasury, at cost – 492,225 shares	(3,899)	(3,899)	(3,899)
Total G-III stockholders' equity	527,822	431,398	523,113
Noncontrolling interest	(1,317)	(244)	(1,117)
Total stockholders' equity	526,505	431,154	521,996
	<u>\$ 803,135</u>	<u>\$ 664,225</u>	<u>\$ 830,897</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended April 30,	
	2014	2013
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 366,192	\$ 272,615
Cost of goods sold	236,015	180,223
Gross profit	130,177	92,392
Selling, general and administrative expenses	122,441	85,828
Depreciation and amortization	4,227	3,121
Operating profit	3,509	3,443
Interest and financing charges, net	1,752	1,777
Income before income taxes	1,757	1,666
Income tax expense	668	633
Net income	1,089	1,033
Add: Loss attributable to noncontrolling interest	201	85
Income attributable to G-III	\$ 1,290	\$ 1,118
NET INCOME PER COMMON SHARE:		
<u>Basic:</u>		
Net income per common share	\$ 0.06	\$ 0.06
Weighted average number of shares outstanding	20,488	20,161
<u>Diluted:</u>		
Net income per common share	\$ 0.06	\$ 0.05
Weighted average number of shares outstanding	21,022	20,402
Net income attributable to G-III	\$ 1,290	\$ 1,118
Other comprehensive loss:		
Foreign currency translation adjustments	(36)	(2,379)
Other comprehensive loss	(36)	(2,379)
Comprehensive income (loss)	\$ 1,254	\$ (1,261)

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended April 30	
	2014	2013
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities		
Net income	\$ 1,089	\$ 1,033
Adjustments to reconcile net income to net cash used in operating activities, net of assets and liabilities acquired:		
Depreciation and amortization	4,227	3,121
Equity based compensation	2,923	1,980
Tax benefit from exercise/vesting of equity awards	4,290	1,989
Deferred financing charges	180	165
Changes in operating assets and liabilities:		
Accounts receivable, net	14,945	26,234
Inventories	37,010	38,645
Income taxes, net	(9,722)	(14,420)
Prepaid expenses and other current assets	(5,435)	(4,656)
Other assets, net	(2,036)	(11,639)
Accounts payable, accrued expenses and other liabilities	(50,794)	(56,614)
Net cash used in operating activities	<u>(3,323)</u>	<u>(14,162)</u>
Cash flows from investing activities		
Capital expenditures	(10,125)	(4,579)
Net cash used in investing activities	<u>(10,125)</u>	<u>(4,579)</u>
Cash flows from financing activities		
Proceeds from notes payable, net	14,107	11,088
Proceeds from exercise of equity awards	558	236
Excess tax benefit from exercise/vesting of equity awards	4,290	1,292
Taxes paid for net share settlement	(4,316)	(946)
Noncontrolling interest investment, net	472	-
Loss attributable to noncontrolling interest	-	85
Net cash provided by financing activities	<u>15,111</u>	<u>11,755</u>
Foreign currency translation adjustments	(144)	246
Net increase (decrease) in cash and cash equivalents	1,519	(6,740)
Cash and cash equivalents at beginning of period	22,091	27,360
Cash and cash equivalents at end of period	<u>\$ 23,610</u>	<u>\$ 20,620</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 1,208	\$ 1,805
Income taxes	6,055	12,962

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

As used in these financial statements, the term “Company” or “G-III” refers to G-III Apparel Group, Ltd. and its subsidiaries. The Company designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women’s suits and women’s performance wear, as well as footwear, luggage and women’s handbags, small leather goods and cold weather accessories. The Company also operates retail stores.

The Company consolidates the accounts of all its wholly-owned and majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated. Vilebrequin International SA (“Vilebrequin”), a Swiss corporation, and the Company’s joint venture that operates Calvin Klein Performance retail stores in mainland China and Hong Kong, G-T (International) Fashion Company Limited (“G-T Fashion”), report results on a calendar year basis rather than on the January 31 fiscal year basis used by the Company. Accordingly, the results of Vilebrequin and G-T Fashion are and will be included in the financial statements for the quarter ended or ending closest to the Company’s fiscal quarter. For example, in this Form 10-Q for the quarter ended April 30, 2014, the results of Vilebrequin and G-T Fashion are included for the three month period ended March 31, 2014.

The results for the three month period ended April 30, 2014 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company’s business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim period presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2014 filed with the Securities and Exchange Commission.

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Note 2 – Acquisition of G.H. Bass

On November 4, 2013, G-III Apparel Group, Ltd. and its indirect wholly-owned subsidiary, AM Retail Group, Inc (“AM Retail Group”) entered into an asset purchase agreement with PVH Retail Stores LLC, PVH Corp. and PVH of Puerto Rico, Inc., providing for the sale to AM Retail Group of substantially all of the assets of the G.H. Bass & Co. (“G.H. Bass”) business, including approximately 160 G.H. Bass & Co. outlet stores. The purchase price was \$49.2 million in cash.

G.H. Bass & Co. is a well-known heritage brand that embodies classic American style. The Company sells G.H. Bass & Co. footwear, apparel and accessories primarily through approximately 160 outlet stores located in the United States. The Company also licenses the brand for the wholesale distribution of men’s and women’s footwear and men’s sportswear.

The results of G.H. Bass have been included in these consolidated financial statements since the date of acquisition.

Note 3 – Inventories

Wholesale inventories are stated at the lower of cost (determined by the first-in, first out method) or market which comprises a significant portion of the Company’s inventory. Retail inventories are valued at the lower of cost or market as determined by the retail inventory method. Vilebrequin inventories are stated at the lower of cost (determined by the weighted average method) or market. Inventories consist of:

	<u>April 30, 2014</u>	<u>April 30, 2013</u>	<u>January 31, 2014</u>
	(In thousands)		
Finished goods	\$ 310,907	\$ 229,268	\$ 350,627
Raw materials and work-in-process	11,752	12,804	9,012
	<u>\$ 322,659</u>	<u>\$ 242,072</u>	<u>\$ 359,639</u>

Note 4 – Net Income per Common Share

Basic net income per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share is computed using the weighted average number of common shares and potential dilutive common shares, consisting of unvested restricted stock awards and stock options outstanding, during the period. In addition, all share based payments outstanding that vest based on the achievement of performance conditions, and for which the respective performance conditions have not been achieved, have been excluded from the diluted per share calculation. Approximately 325,500 shares of common stock have been excluded from the diluted net income per share calculation for the three months ended April 30, 2014. For the three months ended April 30, 2014 and 2013, 97,687 and 118,170 shares of common stock, respectively, were issued in connection with the exercise or vesting of equity awards.

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The reconciliation between basic and diluted net income per share is as follows:

	Three Months Ended	
	April 30,	
	2014	2013
	(In thousands, except per share amounts)	
Net income attributable to G-III	\$ 1,290	\$ 1,118
Basic net income per share:		
Basic common shares	20,488	20,161
Basic net income per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>
Diluted net income per share:		
Basic common shares	20,488	20,161
Stock options and restricted stock awards	534	241
Diluted common shares	<u>21,022</u>	<u>20,402</u>
Diluted net income per share	<u>\$ 0.06</u>	<u>\$ 0.05</u>

Note 5 – Notes Payable and Other Liabilities

The Company's credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders, is a five year senior secured credit facility through August 2017 providing for borrowings in the aggregate principal amount of up to \$450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. As of April 30, 2014, there was \$160.9 million available under the credit agreement.

Borrowings bear interest, at the Company's option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement requires the Company to maintain a minimum fixed charge coverage ratio, as defined, under certain circumstances and prohibited payments for cash dividends, stock redemptions and share repurchases until February 2014, after which such payments may be made subject to compliance with certain covenants. As of April 30, 2014, the Company was in compliance with these covenants.

The credit agreement is secured by all of the assets of G-III Apparel Group, Ltd. and its subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, Andrew & Suzanne Company Inc., AM Retail Group, Inc., G-III Apparel Canada ULC, G-III License Company, LLC and AM Apparel Holdings, Inc.

Amounts payable under the Company's credit agreement were \$63.0 million at April 30, 2014 and \$76.1 million at April 30, 2013.

In August 2012, as part of the purchase price in connection with the Company's acquisition of Vilebrequin, the Company issued to the seller €15.0 million (approximately \$18.6 million using the exchange rate on the date of acquisition) principal amount of unsecured promissory notes due December 31, 2017, with interest payable at the rate of 5% per year. The promissory notes were recorded at stated value, which approximated fair value, on the date of issuance. The fair value of these promissory notes was \$20.5 million at April 30, 2014 (using the exchange rate on that date), which approximated their carrying value.

Due to noncontrolling shareholder consists of amounts loaned to G-T Fashion and its subsidiary by the other joint venture partner. These loans, in the aggregate principal amount of \$5.1 million as of April 30, 2014, are unsecured and have maturities of less than one year.

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Note 6 – Segments

The Company's reportable segments are business units that offer products through different channels of distribution and are managed separately. The Company has three reportable segments; licensed products, non-licensed products and retail operations. The G.H. Bass business was added to the retail operations segment upon its acquisition in November 2013. There is substantial intersegment cooperation, cost allocations and sharing of assets between the licensed and non-licensed products segments. As a result, the Company does not represent that these segments, if operated independently, would report the operating results set forth in the table below. The following information, in thousands, is presented for the three month periods indicated below:

	Three Months Ended April 30, 2014				
	Licensed	Non-Licensed	Retail	Elimination ⁽¹⁾	Total
Net sales	\$ 216,715	\$ 67,749	\$ 95,633	\$ (13,905)	\$ 366,192
Cost of goods sold	155,791	43,462	50,667	(13,905)	236,015
Gross profit	60,924	24,287	44,966	-	130,177
Selling, general and administrative	49,478	21,220	51,743	-	122,441
Depreciation and amortization	854	1,978	1,395	-	4,227
Operating profit (loss)	<u>\$ 10,592</u>	<u>\$ 1,089</u>	<u>\$ (8,172)</u>	<u>\$ -</u>	<u>\$ 3,509</u>

	Three Months Ended April 30, 2013				
	Licensed	Non-Licensed	Retail	Elimination ⁽¹⁾	Total
Net sales	\$ 180,507	\$ 60,689	\$ 45,250	\$ (13,831)	\$ 272,615
Cost of goods sold	130,302	41,495	22,211	(13,785)	180,223
Gross profit	50,205	19,194	23,039	(46)	92,392
Selling, general and administrative	46,257	19,298	20,335	(62)	85,828
Depreciation and amortization	485	1,940	696	-	3,121
Operating profit (loss)	<u>\$ 3,463</u>	<u>\$ (2,044)</u>	<u>\$ 2,008</u>	<u>\$ 16</u>	<u>\$ 3,443</u>

(1) Represents intersegment sales to the Company's retail operations.

The total assets for each of the Company's reportable segments are as follow:

	April 30,	
	2014	2013
	(In thousands)	
Licensed	\$ 342,418	\$ 320,911
Non-Licensed	233,294	216,306
Retail	144,300	61,123
Corporate	83,123	65,885
Total Assets	<u>\$ 803,135</u>	<u>\$ 664,225</u>

Note 7 – Investment in Joint Venture

The Company owns 51% of a joint venture that operates Calvin Klein Performance retail stores in mainland China and Hong Kong and consolidates its accounts in the Company's financial statements. The Company's share of net loss of this investment is included in the Consolidated Statements of Operations. The joint venture's loss from continuing operations was \$410,000 for the three months ended April 30, 2014.

Note 8 – Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued the Accounting Statement Update ("ASU") 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). The amendments in ASU 2013-11 require companies to present an unrecognized tax benefit, or a portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, unless the uncertain tax position is not available to reduce, or would not be used to reduce, the net operating loss or tax credit carryforward under the tax law in the same jurisdiction; otherwise, the unrecognized tax benefit should be presented as a gross liability and should not be combined with a deferred tax asset. ASU 2013-11 is effective for annual periods beginning after December 15, 2013 and should be applied to all unrecognized tax benefits that exist as of the effective date. Companies may choose to apply this guidance retrospectively to each prior reporting period presented. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements and Property, Plant, and Equipment," (ASU 2014-08). This ASU changes the threshold for reporting discontinued operations and adds new disclosures. The new guidance defines a discontinued operation as a disposal of a component or group of components that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will have) a major effect on the Company's operations and financial results." For disposals of individually significant components that do not qualify as discontinued operations, the Company must disclose pre-tax earnings of the disposed component. This guidance is effective for the Company prospectively for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Note 9 – Subsequent Events

The Company has considered subsequent events up to the filing date and does not believe there are any occurrences that would have a material impact on its results of operations.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, “G-III”, “us”, “we” and “our” refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ending January 31, 2015 is referred to as “fiscal 2015”. Vilebrequin and G-T Fashion report results on a calendar year basis rather than on the January 31 fiscal year basis used by G-III. Accordingly, the results of Vilebrequin and G-T Fashion are and will be included in our financial statements for the quarter ended or ending closest to G-III’s fiscal quarter. For example, in this Form 10-Q for the quarter ended April 30, 2014, the results of Vilebrequin and G-T Fashion are included for the three month period ended March 31, 2014.

Various statements contained in this Form 10-Q, in future filings by us with the Securities and Exchange Commission (the “SEC”), in our press releases and in oral statements made from time to time by us or on our behalf constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as “anticipate,” “estimate,” “expect,” “will,” “project,” “we believe,” “is or remains optimistic,” “currently envisions,” “forecasts,” “goal” and similar words or phrases and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. Forward-looking statements also include representations of our expectations or beliefs concerning future events that involve risks and uncertainties, including, but not limited to:

- our dependence on licensed products;
- our dependence on the strategies and reputation of our licensors;
- costs and uncertainties with respect to expansion of our product offerings;
- the performance of our products at retail and customer acceptance of new products;
- customer concentration;
- risks of doing business abroad;
- price, availability and quality of materials used in our products;
- the need to protect our trademarks and other intellectual property;
- risks relating to our retail business;
- risks relating to our Vilebrequin and G.H. Bass businesses;
- dependence on existing management;
- our ability to make strategic acquisitions and possible disruptions from acquisitions;
- need for additional financing;
- seasonal nature of our business;
- our reliance on foreign manufacturers;
- the need to successfully upgrade, maintain and secure our information systems;
- the impact of the current economic and credit environment on us, our customers, suppliers and vendors;
- the effects of competition in the markets in which we operate;
- consolidation of our retail customers;
- additional legislation and/or regulation in the U.S. or around the world;
- our ability to import products in a timely and cost effective manner;
- our ability to continue to maintain our reputation;

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- fluctuations in the price of our common stock;
- potential effect on the price of our common stock if actual results are worse than financial forecasts; and
- the effect of regulations applicable to us as a U.S. public company.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2014. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

G-III designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear, as well as footwear, luggage and women's handbags, small leather goods and cold weather accessories. We sell our products under our own proprietary brands, which include Vilebrequin, Bass, G.H. Bass, Andrew Marc and Marc New York, licensed brands and private retail labels. G-III operates retail stores under the Wilsons Leather, G.H Bass, Vilebrequin, Calvin Klein Performance and Andrew Marc names.

Our business is dependent on, among other things, retailer and consumer demand for our products. We believe that economic conditions continue to negatively impact the level of consumer spending for discretionary items. The current uncertain economic environment has been characterized by a decline in consumer discretionary spending that may affect retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary purchases, such as fashion apparel and related products, such as ours. We cannot predict the direction in which the current economic environment will move. Continued uncertain macroeconomic conditions may have a negative impact on our results of operations.

We operate in fashion markets that are intensely competitive. Our ability to continuously evaluate and respond to changing consumer demands and tastes, across multiple market segments, distribution channels and geographic areas is critical to our success. Although our portfolio of brands is aimed at diversifying our risks in this regard, misjudging shifts in consumer preferences could have a negative effect on our business. Our success in the future will depend on our ability to design products that are accepted in the marketplace, source the manufacture of our products on a competitive basis, and continue to diversify our product portfolio and the markets we serve.

We have three reportable segments, licensed products, non-licensed products and retail operations. The licensed products segment includes sales of products under brands licensed by us from third parties. The non-licensed products segment includes sales of products under our own brands and private label brands. The retail operations segment consists primarily of our Wilsons and G.H. Bass stores, as well as a limited number of Andrew Marc stores and Calvin Klein Performance stores.

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We have expanded our portfolio of proprietary and licensed brands through acquisitions and by entering into license agreements for new brands or for additional products under previously licensed brands. Our acquisitions have helped to broaden our product offerings, expand our ability to serve different tiers of distribution and add a retail component to our business.

Our acquisitions are part of our strategy to expand our product offerings and increase the portfolio of proprietary and licensed brands that we offer through different tiers of retail distribution.

The G.H. Bass business acquired in November 2013 adds a well-known heritage brand that developed the iconic original penny loafer (known as “Weejuns”). We sell G.H. Bass footwear, apparel and accessories primarily through G.H. Bass outlet stores located in the United States. This acquisition doubled the size of our retail footprint and is expected to enable us to leverage our Wilsons infrastructure to operate our Bass stores.

The Vilebrequin business acquired in August 2012 provides us with a premier brand, selling status products worldwide. Vilebrequin is a well-known brand and we expect to add more company owned and franchised retail locations and increase our wholesale distribution throughout the world, as well as develop the business beyond its heritage in men’s swimwear, resort wear and related accessories.

The sale of licensed products is a key element of our strategy and we have continually expanded our offerings of licensed products for the past 20 years. In December 2012, we entered into a license agreement covering a broad range of women’s apparel under the Ivanka Trump brand and, in April 2013, we entered into a license agreement for Calvin Klein men’s and women’s swimwear that became effective on December 1, 2013. We launched Ivanka Trump product in the third quarter of fiscal 2014 and began shipping Calvin Klein swimwear for the Spring 2014 season. In November 2013, we expanded our relationship with Tommy Hilfiger to include a license for women’s outerwear. We expect to launch Tommy Hilfiger women’s outerwear for the Fall 2014 season. We have ten different license agreements relating to a variety of products sold under the Calvin Klein brand. In March 2014, the current term of each of these ten license agreements was extended to December 31, 2023.

We believe that consumers prefer to buy brands they know, and we have continually sought licenses that would increase the portfolio of name brands we can offer through different tiers of retail distribution, for a wide array of products at a variety of price points. We believe that brand owners will look to consolidate the number of licensees they engage to develop product and they will seek licensees with a successful track record of expanding brands into new categories. It is our objective to continue to expand our product offerings and we are continually discussing new licensing opportunities with brand owners.

Our retail operations segment consists primarily of our Wilsons and G.H. Bass stores, substantially all of which are operated as outlet stores. As of April 30, 2014, we operated 168 Wilsons stores, 156 G.H. Bass stores and 72 Vilebrequin stores, as well as 5 Andrew Marc stores.

We have a license agreement granting us the retail rights to distribute and market Calvin Klein women’s performance apparel in the United States and China. We currently operate Calvin Klein Performance stores in Scottsdale, Arizona, San Francisco, California, and Las Vegas, Nevada. We have a joint venture agreement, with Finity Apparel Retail Limited to open and operate Calvin Klein Performance retail stores in mainland China and Hong Kong. As of April 30, 2014, we operated 25 stores pursuant to this joint venture. We own 51% of this joint venture and consolidate its results of operations in our financial statements.

Trends

Significant trends that affect the apparel industry include increases in raw material, manufacturing and transportation costs, the continued consolidation of retail chains and the desire on the part of retailers to consolidate vendors supplying them.

Retailers are seeking to expand the differentiation of their offerings by devoting more resources to the development of exclusive products, whether by focusing on their own private label products or on products produced exclusively for a retailer by a national brand manufacturer. Retailers are placing more emphasis on building strong images for their private label and exclusive merchandise. Exclusive brands are only made available to a specific retailer, and thus customers loyal to their brands can only find them in the stores of that retailer.

A number of retailers are experiencing financial difficulties, which in some cases has resulted in bankruptcies, liquidations and/or store closings. The financial difficulties of a retail customer of ours could result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a retail customer experiencing financial difficulty that could result in higher reserves for doubtful accounts or increased write-offs of accounts receivable. We attempt to lower credit risk from our customers by closely monitoring accounts receivable balances and shipping levels, as well as the ongoing financial performance and credit standing of customers.

We have attempted to respond to these trends by continuing to focus on selling products with recognized brand equity, by attention to design, quality and value and by improving our sourcing capabilities. We have also responded with the strategic acquisitions made by us and new license agreements entered into by us that have added additional licensed and proprietary brands and helped diversify our business by adding new product lines, additional distribution channels and a retail component to our business. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels and that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

Results of Operations

Three months ended April 30, 2014 compared to three months ended April 30, 2013

Net sales for the three months ended April 30, 2014 increased to \$366.2 million from \$272.6 million in the same period last year. Net sales of licensed products increased to \$216.7 million from \$180.5 million primarily as a result of a \$34.7 million increase in net sales of our Calvin Klein licensed products, with the largest increases occurring in the women's sportswear (\$17.3 million) and handbag (\$7.9 million) categories. We also had net sales of \$6.4 million from our new Calvin Klein women's and men's swimwear lines and from our new Ivanka Trump lines. Net sales of non-licensed products in the three months ended April 30, 2014 increased to \$67.7 million from \$60.7 million in the same period last year principally due to a \$2.9 million increase in net sales by Vilebrequin and a \$1.9 million increase in net sales from our Jessica Howard division. Net sales of our retail operations segment increased to \$95.6 million for the three months ended April 30, 2014 from \$45.3 million in April 30, 2013 primarily due to net sales of \$44.2 million by our G.H. Bass business that was acquired in November 2013.

Gross profit increased to \$130.2 million, or 35.5% of net sales, for the three months ended April 30, 2014, from \$92.4 million, or 33.9% of net sales, in the same period last year. The gross profit percentage in our licensed products segment was 28.1% for the three months ended April 30, 2014 compared to 27.8% for the same period last year. The gross profit percentage in our non-licensed products segment was 35.8% for the three-month period ended April 30, 2014 compared to 31.6% for the same period last year. This increase was primarily attributable to improved gross margins in our Vilebrequin, Eliza J. and Jessica Howard divisions. The gross profit percentage in our retail operations segment was 47.0% for the three months ended April 30, 2014 compared to 50.9% for the comparable period last year. This decrease in gross profit percentage is primarily due to our new G.H. Bass business, which had a lower gross profit percentage than the rest of our retail business, as well as due to a decrease in the gross margins at Wilsons resulting from higher markdowns in the current year period.

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Selling, general and administrative expenses increased to \$122.4 million, or 33.4% of net sales, in the three months ended April 30, 2014 from \$85.8 million, or 31.6% of net sales, in the three months ended April 30, 2013. This increase is primarily a result of increases in personnel costs (\$17.2 million), facility costs (\$12.4 million) and advertising costs (\$2.0 million). Personnel costs increased primarily as a result of the additional costs related to the newly acquired G.H. Bass business, as well as due to an increase in personnel to staff additional Wilsons' retail stores. Facility costs increased as a result of the rent expense associated with the newly acquired G.H. Bass stores, as well as due to new leases entered into for additional Wilsons retail stores. Advertising costs increased due to an increase in net sales of licensed products, as well as due to advertising expenses related to our G.H. Bass business. We typically pay an advertising fee and are required to participate in customer cooperative advertising pursuant to many of our license agreements based on a percentage of net sales of licensed products.

Depreciation and amortization expense increased to \$4.2 million in the three months ended April 30, 2014 from \$3.1 million in the same period last year primarily as a result of fixturing costs associated with the opening of additional retail stores, as well as additional depreciation and amortization expense related to the G.H. Bass business.

Interest and financing charges, net, were \$1.8 million for each of the three months ended April 30, 2014 and 2013.

Income tax expense was \$668,000 for the three months ended April 30, 2014 compared to \$633,000 for the same period last year. The effective tax rate was 38.0% for each of the three months ended April 30, 2014 and 2013.

Liquidity and Capital Resources

Our primary operating cash requirements are to fund our seasonal buildup in inventories and accounts receivable, primarily during the second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our peak borrowings under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our operating cash requirements have been borrowings under this credit facility and cash generated from operations.

On April 30, 2014, we had cash and cash equivalents of \$23.6 million and outstanding borrowings of \$83.5 million. On April 30, 2013, we had cash and cash equivalents of \$20.6 million and outstanding borrowings of \$95.3 million. The principal amount of the outstanding promissory notes issued in connection with the acquisition of Vilebrequin was €15.0 million which equaled \$20.5 million on April 30, 2014 and \$19.2 million on April 30, 2013 based on exchange rates in effect at those dates.

Our contingent liability under open letters of credit was approximately \$25.6 million as of April 30, 2014 compared to \$30.0 million as of April 30, 2013.

Credit Agreement

We have a five year senior secured credit facility through August 2017 with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders providing for borrowings in the aggregate principal amount of up to \$450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. Borrowings bear interest, at our option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement requires us to maintain a minimum fixed charge coverage ratio, as defined, and prohibited payments for cash dividends, stock redemptions and share repurchases until February 2014, after which such payments may be made subject to compliance with certain covenants. As of April 30, 2014, we were in compliance with these covenants.

The credit agreement is secured by all of the assets of G-III Apparel Group, Ltd. and its subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, Andrew & Suzanne Company, Inc., AM Retail Group, Inc., G-III Apparel Canada ULC, G-III License Company, LLC and AM Apparel Holdings, Inc.

Amounts payable under our credit agreement were \$63.0 million at April 30, 2014 compared to \$76.1 million at April 30, 2013.

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Cash from Operating Activities

We used \$3.3 million of cash in operating activities during the three months ended April 30, 2014, primarily as a result of a decrease in accounts payable and accrued expenses of \$50.8 million and an increase in prepaid income taxes of \$9.7 million offset by a decrease of \$37.0 million in inventory and \$14.9 million in accounts receivable.

The changes in these operating cash flow items are generally consistent with our seasonal pattern. The decrease in accounts payable and accrued expenses is primarily attributable to vendor payments related to inventory purchases and the payment of accrued year-end bonuses in our first fiscal quarter. Our inventory decreased because we experience lower sales levels in our first and second fiscal quarters than in our third and fourth fiscal quarters.

Cash from Investing Activities

We used \$10.1 million of cash in investing activities in the three months ended April 30, 2014 for the expansion of Wilsons' distribution center to accommodate the G.H. Bass business acquired in November 2013, the conversion of the G.H. Bass point of sale system, leasehold improvements for new Wilsons and Vilebrequin stores and fixturing costs at department stores.

Cash from Financing Activities

Cash from financing activities provided \$15.1 million in the three months ended April 30, 2014, primarily as a result of a \$14.1 million increase in our net borrowings under our credit agreement and a \$4.3 million tax benefit from the exercise or vesting of equity awards offset by \$4.3 million in taxes paid in connection with the net share settlement of certain exercised or vested equity awards. We increased our borrowings primarily to pay for purchases of inventory.

Financing Needs

We believe that our cash on hand and cash generated from operations, together with funds available under our credit agreement, are sufficient to meet our expected operating and capital expenditure requirements. We may seek to acquire other businesses in order to expand our product offerings. We may need additional financing in order to complete one or more acquisitions. We cannot be certain that we will be able to obtain additional financing, if required, on acceptable terms or at all.

Critical Accounting Policies

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates or forecasts. The accounting policies and related estimates described in our Annual Report on Form 10-K for the year ended January 31, 2014 are those that depend most heavily on these judgments and estimates. As of April 30, 2014, there have been no material changes to our critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2014.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, our management, including our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and thus, are effective in making known to them material information relating to G-III required to be included in this report.

During our last fiscal quarter, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2014, which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits.

10.5(e)	Seventh Amendment of Lease (2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th, 39th and 40th Floors), dated April 25, 2104, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.
31.1	Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14(a) or Rule 15d - 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2014.
31.2	Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14(a) or Rule 15d - 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2014.
32.1	Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2014.
32.2	Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2014.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Extension Definition.
101.LAB	XBRL Label Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: June 5, 2014

By: /s/ Morris Goldfarb
Morris Goldfarb
Chief Executive Officer

Date: June 5, 2014

By: /s/ Neal S. Nackman
Neal S. Nackman
Chief Financial Officer

SEVENTH AMENDMENT OF LEASE
(2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 28th, 29th, 30th, 31st, 36th, 39th and 40th Floors)

THIS SEVENTH AMENDMENT OF LEASE (this “Agreement” or “Seventh Amendment”) is made as of April 25, 2014 (the “Effective Date”), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership (“Landlord”) having an address c/o Newmark Grubb Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.**, a New York corporation, having an address at 512 Seventh Avenue, New York, New York, 10018 (“Tenant”).

RECITALS:

WHEREAS, 500/512 Seventh Avenue Associates, Landlord’s predecessor-in-interest, and BET Studio LLC, Tenant’s predecessor-in-interest, entered into a certain agreement of lease dated as of April 23, 1997 (“Original Lease”), as amended by (i) the First Amendment to Lease dated as of July 1, 2000 (“First Amendment”), (ii) the Second Amendment to Lease dated as of May 1, 2001 (“Second Amendment”), (iii) the Third Amendment of Lease dated as of March 26, 2010 (“Third Amendment”), (iv) the Fourth Amendment of Lease dated as of September 1, 2010 (“Fourth Amendment”), (v) the Fifth Amendment of Lease dated as of November 2, 2010 (“Fifth Amendment”), and (vi) the Sixth Amendment of Lease dated as of May 23, 2013 (“Sixth Amendment”) (collectively, and as amended hereby, the “Lease”) currently for the 2nd Floor (including mezzanine), the 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th, 39th and 40th Floors (collectively, the “Premises”) as more particularly described in the Lease, in the office

building located at and known as 512 Seventh Avenue, New York, New York (the "Building"); and

WHEREAS, Landlord and Tenant desire to confirm the terms of the Lease with respect to the 2nd Floor (including mezzanine) of the Building; and

WHEREAS, Landlord and Tenant desire to add to the Premises the entire rentable area of the 28th Floor of the Building ("28th Floor Space"), as more fully described in Exhibit A annexed hereto and made a part hereof, for a term of approximately ten (10) years, pursuant to the terms and conditions of the Lease, except as otherwise set forth herein; and

WHEREAS, Landlord and Tenant desire to add to the Premises the entire rentable area of the 30th Floor of the Building ("30th Floor Space"), as more fully described in Exhibit B annexed hereto and made a part hereof, for a term of approximately ten (10) years, pursuant to the terms and conditions of the Lease, except as otherwise set forth herein; and

WHEREAS, Landlord and Tenant desire to set forth the terms of Tenant's option to renew the Lease (for a renewal term of five (5) years) with respect to the 28th Floor Space and the 30th Floor Space; and

WHEREAS, Landlord and Tenant desire to provide Tenant with right of first offer to Lease the entire rentable area of the 32nd Floor of the Building ("32nd Floor Space"), as more fully described in Exhibit C annexed hereto and made a part hereof, which right of first offer shall be on the terms and conditions herein set forth; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals; Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Confirmation of Terms applicable to Second Floor (including mezzanine).** Landlord and Tenant acknowledge and agree (i) that on August 21, 2013, Landlord delivered to Tenant possession of the Second Floor (including mezzanine) in accordance with the Lease, (ii) that the Second Floor (including mezzanine) has therefore been incorporated into the Premises as of August 21, 2013, (iii) that the Second Floor (IM) Inclusion Date (as such term is defined in the Sixth Amendment) shall therefore be deemed to mean August 21, 2013, (iv) that Tenant is currently leasing the Second Floor (including mezzanine) in accordance with the Lease for a term expiring on March 31, 2023, or until the term shall sooner cease or expire as provided in the Lease, by law or otherwise, (v) that, for the sake of certainty, the Fixed Rent with respect to the Second Floor (including mezzanine) is as follows:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (Second Floor (including mezzanine))</u>
August 21, 2013 – March 31, 2014	\$504,396.00 per annum (\$42,033.00 per month)
April 1, 2014 – March 31, 2015	\$517,005.90 per annum (\$43,083.83 per month)
April 1, 2015 – March 31, 2016	\$529,931.05 per annum (\$44,160.92 per month)

Time Period	Fixed Rent per Annum and per Month (Second Floor (including mezzanine))
April 1, 2016 – March 31, 2017	\$571,201.32 per month (\$47,600.11 per month)
April 1, 2017– March 31, 2018	\$585,481.36 per annum (\$48,790.11 per month)
April 1, 2018 – March 31, 2019	\$600,118.39 per annum (\$50,009.87 per month)
April 1, 2019 – March 31, 2020	\$615,121.35 per annum (\$51,260.11 per month)
April 1, 2020 – March 31, 2021	\$630,499.38 per annum (\$52,541.62 per month)
April 1, 2021 – March 31, 2022	\$646,261.87 per annum (\$53,855.16 per month)
April 1, 2022 – March 31, 2023	\$662,418.42 per annum (\$55,201.53 per month)

(vi) that additional rent with respect to the Second Floor (including mezzanine) is as set forth in the Lease and that for the sake of certainty, for the purpose of calculating real estate tax escalation with respect to the Second Floor (including mezzanine), the base tax year for the Second Floor (including mezzanine) is the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012, and (vii) that Tenant's one (1) time option to renew the term of the Lease for a term of five (5) years (commencing April 1, 2023 and ending March 31, 2028) as set forth in Article 14 of the Third Amendment shall apply and extend to Tenant's lease of the 2nd Floor (including mezzanine) subject to and in accordance with all of the terms and conditions set forth in Article 14 of the Third Amendment and Article 18 of the Sixth Amendment.

3. **28th Floor Space.** The Premises shall be expanded to include the 28th Floor Space for the period commencing on the date of this Agreement and ending December 31, 2023 (both dates inclusive) ("28th Floor Space Term"). Tenant shall, on the date hereof, take possession of the 28th Floor Space pursuant to the terms of the Lease, in its "as is", "where is" condition, with all faults; provided however, that the 28th Floor Space shall, on the date hereof, be free of (i) all tenancies and occupants other than Tenant and its employees, agents and subsidiaries, (ii) violations (other than violations caused by Tenant or Tenant's agents, contractors or employees) that would prevent Tenant from obtaining a work permit for the performance of Tenant's Initial 28th Floor Work (as hereafter defined), and (iii) asbestos in friable condition. Tenant agrees that if at any time, it uncovers asbestos while making improvements to the 28th Floor Space and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is covered, or shall be covered by Tenant with other floor covering, Landlord shall have no obligation to remove the VAT tile. If Tenant elects to perform demolition work within the 28th Floor Space, Landlord agrees to obtain for Tenant an ACP-5 for any such work within twenty (20) days after receipt from Tenant of demolition plans for the 28th Floor Space. LANDLORD AND LANDLORD'S AGENTS HAVE MADE NO REPRESENTATION OR WARRANTY TO TENANT, EXPRESS OR IMPLIED, RESPECTING THE CONDITION OF THE 28th FLOOR SPACE LEASED HEREUNDER OR THE BUILDING, INCLUDING WITHOUT LIMITATION (A) ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, CONDITION OR TENANTABILITY, OR (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS

FOR A PARTICULAR PURPOSE. Except for the removal of asbestos in friable condition, if any, (as expressly required pursuant to this Article 3 of this Agreement), Landlord shall not be obligated or required to do any work or make any alterations or decorations or install any fixtures, equipment or improvements or make any repairs or replacements to the 28th Floor Space to prepare or fit the same for Tenant's use or for any other reason whatsoever. Except as expressly set forth herein, Landlord shall not be obligated or required to pay any work contribution or construction allowance in connection with Tenant's lease of the 28th Floor Space.

4 . **Fixed Rent for 28th Floor Space During 28th Floor Space Term.** During the 28th Floor Space Term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 28th Floor Space in the amounts set forth below:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (28th Floor Space)</u>
Date of this Agreement – December 31, 2014	\$521,031.00 per annum (\$43,419.25 per month)
January 1, 2015 – December 31, 2015	\$534,056.78 per annum (\$44,504.73 per month)
January 1, 2016 – December 31, 2016	\$547,408.19 per annum (\$45,617.35 per month)
January 1, 2017 – December 31, 2017	\$561,093.40 per annum (\$46,757.78 per month)
January 1, 2018 – December 31, 2018	\$575,120.73 per annum (\$47,926.73 per month)

Time Period	Fixed Rent per Annum and per Month (28th Floor Space)
January 1, 2019 – December 31, 2019	\$613,732.75 per annum (\$51,144.40 per month)
January 1, 2020 – December 31, 2020	\$629,076.07 per annum (\$52,423.01 per month)
January 1, 2021 – December 31, 2021	\$644,802.97 per annum (\$53,733.58 per month)
January 1, 2022 – December 31, 2022	\$660,923.05 per annum (\$55,076.92 per month)
January 1, 2023 – December 31, 2023	\$677,446.12 per annum (\$56,453.84 per month)

Provided and on the condition that Tenant is not then in default under the terms of the Lease beyond any applicable notice and cure periods, Tenant shall be entitled to a one-time credit against the obligation to pay Fixed Rent for the 28th Floor Space only, in the aggregate amount of \$173,677.00 (“28th Floor Space Credit”) to be applied only against the Fixed Rent for the 28th Floor Space beginning on the date of this Agreement and continuing thereafter until exhausted. Except for the 28th Floor Space Credit and as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant’s obligation to pay Fixed Rent for the 28th Floor Space.

5 . **Electricity, Water, Sewer and Sprinkler for 28th Floor Space During 28th Floor Term.** During the 28th Floor Space Term, Tenant shall pay for all of the following with respect to the 28th Floor Space: (i) electrical use on a ‘submetering’ basis

in accordance with Article Twenty-Second of the First Amendment, (ii) water and sewer charges of \$102 per month in accordance with Article Twenty-Third of the Original Lease, and (iii) a sprinkler supervisory service charge of \$102 per month in accordance with Article Twenty-Fourth of the Original Lease.

6. **Real Estate Taxes for 28th Floor Space During 28th Floor Space Term.** During the 28th Floor Space Term, Tenant shall pay real estate tax escalation with respect to the 28th Floor Space in accordance with Article Fifty-Eighth of the Original Lease except that (i) the base tax year shall be the New York City real estate tax year commencing July 1, 2014 and ending June 30, 2015, (ii) the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement or exemption, and (iii) The Percentage for the 28th Floor Space shall be 2.37%.

7. **Additional Rent for 28th Floor Space During 28th Floor Space Term.** In addition to the Fixed Rent and specific items of additional rent set forth above, during the 28th Floor Space Term, Tenant shall be responsible for all additional rent with respect to the 28th Floor Space as set forth in the Lease. Except as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay additional rent for the 28th Floor Space.

8. **Work Contribution (28th Floor Space).** Provided Tenant shall not be in default under this Lease beyond the expiration of any applicable notice and cure periods, Landlord shall contribute as hereinafter provided an amount ("28th Floor Work Contribution") not to exceed a maximum of \$424,095.00 toward (a) Tenant's actual

“hard costs” of performing and completing Tenant’s build out of the 28th Floor Space (“Tenant’s Initial 28th Floor Work”), which Tenant’s Initial 28th Floor Work shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord’s prior written consent thereto), (b) “Soft Costs” incurred in connection with Tenant’s Initial 28th Floor Work, including architectural and engineering fees and other soft costs incurred in connection with Tenant’s Initial 28th Floor Work (Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses), and (c) the actual Hard Costs and/or Soft Costs of any other alterations being performed by Tenant to the Premises on any floor of the Premises (which alterations shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord’s prior written consent thereto)).

Provided that the Lease is in full force and effect and no event of default shall have occurred and is continuing hereunder beyond the expiration of any applicable notice and cure periods, and provided further that there are no outstanding mechanic’s lien, financing statement or other lien, charge or order in existence filed against Landlord, or against all or any portion of the Premises, or the Building due to any act or omission of Tenant or any of Tenant’s contractors or affiliates that has not been actually released and discharged of record or bonded or insured over to the reasonable satisfaction of Landlord, Landlord shall make progress payments to Tenant on account of the 28th Floor Work Contribution on a periodic basis as set forth below in reimbursement of the cost of the work performed by or on behalf of Tenant and paid for

by Tenant for Tenant's Initial 28th Floor Work and/or other alterations to the Premises (and not previously reimbursed out of disbursements from the 28th Floor Work Contribution). Concurrently with a request by Tenant for reimbursement out of the 28th Floor Work Contribution, Tenant shall provide documentation to Landlord evidencing that Tenant has retained a portion of the total amounts then due to Tenant's general contractor which portion shall not be less than (a) ten percent (10%) until at least fifty percent (50%) of the Tenant's Initial 28th Floor Work and/or other alterations to the Premises have been substantially completed and (b) five percent (5%) until all of Tenant's Initial 28th Floor Work and/or other alterations to the Premises have been substantially completed. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from 28th Floor Work Contribution), **multiplied by** (b) a fraction (which shall not exceed 1.0), the numerator of which is the amount of 28th Floor Work Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's Initial 28th Floor Work and other alterations to the Premises, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's Initial 28th Floor Work and other alterations to the Premises shown on all plans and specifications approved by Landlord. Provided that Tenant delivers requisitions to Landlord no more than once every sixty (60) days, such progress payments shall be made within sixty (60) days after the delivery to Landlord of requisitions therefor (the date that each requisition is delivered to Landlord being

referred to herein as the “Requisition Delivery Date”), signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (ii) a written certification from Tenant that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord, (iii) copies of canceled checks from Tenant’s general contractor evidencing the payment in full of the work for which such requisition is being made, and (iv) such other documents and information as Landlord may reasonably request. Provided true, correct and complete requisitions are made no more often than every sixty (60) days, and provided further that the required accompanying documentation as set forth in this Article 16 is delivered to Landlord with such requisition, such requisition shall be paid by Landlord within sixty (60) days after Landlord’s receipt of the applicable requisition. If only a portion of the requisition is rejected by Landlord as provided in this Article, Landlord shall cause the non-rejected portion of such requisition to be paid within the original sixty (60) day timeframe set forth above. Notwithstanding anything set forth above, Landlord shall review each requisition submitted by Tenant and, within ten (10) business days after the applicable Requisition Delivery Date, either (i) provide written notice to Tenant of Landlord’s approval of such requisition or (ii) provide written notice to Tenant setting forth in reasonable detail any items that in Landlord’s reasonable judgment would prevent payment of such requisition by Landlord in accordance with the provisions set forth herein. If Landlord fails to

respond to Tenant's requisition as set forth above within ten (10) business days after the Requisition Delivery Date, Tenant shall have the right to provide Landlord with a second written notice requesting such approval. Said second written notice shall include in bold uppercase writing that **"PURSUANT TO THE SEVENTH AMENDMENT OF LEASE, LANDLORD'S FAILURE TO RESPOND TO THE ENCLOSED REQUISITION WITHIN FIVE (5) BUSINESS DAYS AFTER LANDLORD'S RECEIPT OF THIS REQUEST, SHALL BE DEEMED TO MEAN THAT THE ENCLOSED REQUISITION IS APPROVED BY LANDLORD."** If Tenant provides the second notice in accordance herewith and Landlord fails to respond to the second notice within five (5) business days after Landlord's receipt thereof, as Tenant's sole and exclusive remedy, such requisition shall be deemed approved, subject only to any written comments from Landlord's lender or said lender's servicer. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted on or before August 31, 2016 (the "28th Floor Final Submission Date"), *time being of the essence* as to such date. The amounts requested under Tenant's final requisition of the 28th Floor Work Contribution (which shall include, without limitation, the 5% Retainage (as hereafter defined)) shall not be disbursed until all documentation required under this Article 8, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for Tenant's Initial 28th Floor Work and other alterations to the Premises by all Governmental Authorities having jurisdiction thereover (it being acknowledged that a copy of the back of the building permit with "sign-offs" from the applicable inspectors shall satisfy the requirements of this subsection (A)). Notwithstanding anything set forth above to the contrary, the requirements set forth in

this subsection (A) shall not be a prerequisite to payment by Landlord of the final requisition of the 28th Floor Work Contribution; provided, however, should Tenant fail to submit the items required by this subsection (A), Landlord shall have the absolute right to retain an amount equal to five percent (5%) of the 28th Floor Work Contribution ("5% Retainage") until such time as Tenant submits the items required by this subsection (A), (B) final "as-built" plans and specifications for Tenant's Initial 28th Floor Work and other alterations to the Premises, (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers (in each case having contracts with a value over \$2,000) covering all of Tenant's Initial 28th Floor Work and other alterations to the Premises, and (D) copies of canceled checks from Tenant's general contractor evidencing the payment in full of Tenant's Initial 28th Floor Work and other alterations to the Premises. Notwithstanding anything to the contrary set forth in this Lease, the 28th Floor Work Contribution shall be paid by Landlord in no less than five (5) installments with each installment other than the final installment constituting no more than twenty percent (20%) of the 28th Floor Work Contribution. Notwithstanding anything to the contrary set forth in this Article 8, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers, and Tenant shall fail to remove or bond any lien within ten (10)

days after notice from Landlord of such failure, such failure shall constitute an event of default under the Lease without the requirement of any other notice of any kind, and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor. Under no circumstance (other than in the event of Tenant's timely exercise of the right of first offer with respect to the 32nd Floor Space in accordance herewith) shall Landlord be required pursuant to this Agreement to contribute in excess of the aggregate of the 28th Floor Work Contribution and the 30th Floor Work Contribution (as hereafter defined). Except in the event that Tenant timely exercises the right of first offer with respect to the 32nd Floor Space in accordance herewith, and except as otherwise expressly set forth in the Lease, any costs in excess of the aggregate of the 28th Floor Work Contribution and the 30th Floor Work Contribution shall be the sole responsibility of Tenant. Tenant shall be entitled to receive a portion of the 28th Floor Work Contribution (which portion shall in no event exceed \$84,819.00 (the "28th Floor Maximum Portion")) not actually expended by Tenant in the performance of Tenant's Initial 28th Floor Work or Tenant's other alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the 28th Floor Space, but not additional rent, for the period beginning September 1, 2016 and continuing thereafter until exhausted but only provided on the condition that at the time of application of such credit, (i) Tenant is not then in default under this Lease beyond the expiration of any applicable notice and cure periods, and (ii) Tenant has completed Tenant's Initial 28th Floor Work and has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's Initial 28th Floor Work, Tenant's other alterations to the Premises, and Soft Costs. For the sake of certainty, in the event that as of September 1, 2016 (i.e. the day immediately following the 28th Floor Final Submission Date) with *time being of the essence*, Tenant shall have failed to requisition (in accordance with the Lease) a portion of the

28th Floor Work Contribution which exceeds the 28th Floor Maximum Portion, Tenant shall forever waive Tenant's right to receive (in every respect, including, without limitation as a credit and/or as a work contribution) such excess portion of the 28th Floor Work Contribution over and above the 28th Floor Maximum Portion. No portion of the 28th Floor Work Contribution may be assigned by Tenant prior to the actual payment thereof by Landlord. Landlord has made no representations as to the projected cost of Tenant's Initial 28th Floor Work, Soft Costs, or of Tenant's other alterations to the Premises.

9. **30th Floor Space.** The Premises shall be expanded to include the 30th Floor Space for the period commencing on the date of this Agreement and ending December 31, 2023 (both dates inclusive) ("30th Floor Space Term"). Tenant shall, on the date hereof, take possession of the 30th Floor Space pursuant to the terms of the Lease, in its "as is", "where is" condition, with all faults; provided however, that the 30th Floor Space shall, on the date hereof, be free of (i) all tenancies and occupants other than Tenant and its employees, agents and subsidiaries, (ii) violations (other than violations caused by Tenant or Tenant's agents, contractors or employees) that would prevent Tenant from obtaining a work permit for the performance of Tenant's Initial 30th Floor Work (as hereafter defined), and (iii) asbestos in friable condition. Tenant agrees that if at any time, it uncovers asbestos while making improvements to the 30th Floor Space and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is covered, or shall be covered by Tenant with other floor covering, Landlord shall have no obligation to remove the VAT tile. If Tenant elects to perform

demolition work within the 30th Floor Space, Landlord agrees to obtain for Tenant an ACP-5 for any such work within twenty (20) days after receipt from Tenant of demolition plans for the 30th Floor Space. LANDLORD AND LANDLORD'S AGENTS HAVE MADE NO REPRESENTATION OR WARRANTY TO TENANT, EXPRESS OR IMPLIED, RESPECTING THE CONDITION OF THE 30th FLOOR SPACE LEASED HEREUNDER OR THE BUILDING, INCLUDING WITHOUT LIMITATION (A) ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, CONDITION OR TENANTABILITY, OR (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. Except for the removal of asbestos in friable condition, if any, (as expressly required pursuant to this Article 9 of this Agreement), Landlord shall not be obligated or required to do any work or make any alterations or decorations or install any fixtures, equipment or improvements or make any repairs or replacements to the 30th Floor Space to prepare or fit the same for Tenant's use or for any other reason whatsoever. Except as expressly set forth herein, Landlord shall not be obligated or required to pay any work contribution or construction allowance in connection with Tenant's lease of the 30th Floor Space.

10 . **Fixed Rent for 30th Floor Space During 30th Floor Space Term.** During the 30th Floor Space Term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 30th Floor Space in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month (30th Floor Space)
Date of this Agreement – December 31, 2014	\$542,101.00 per annum (\$45,175.08 per month)
January 1, 2015 – December 31, 2015	\$555,653.53 per annum (\$46,304.46 per month)
January 1, 2016 – December 31, 2016	\$569,544.86 per annum (\$47,462.07 per month)
January 1, 2017 – December 31, 2017	\$583,783.48 per annum (\$48,648.62 per month)
January 1, 2018 – December 31, 2018	\$598,378.07 per annum (\$49,864.84 per month)
January 1, 2019 – December 31, 2019	\$638,551.52 per annum (\$53,212.63 per month)
January 1, 2020 – December 31, 2020	\$654,515.31 per annum (\$54,542.94 per month)
January 1, 2021 – December 31, 2021	\$670,878.19 per annum (\$55,906.52 per month)
January 1, 2022 – December 31, 2022	\$687,650.15 per annum (\$57,304.18 per month)
January 1, 2023 – December 31, 2023	\$704,841.40 per annum (\$58,736.78 per month)

Provided and on the condition that Tenant is not then in default under the terms of the Lease beyond any applicable notice and cure periods, Tenant shall be entitled to a one-time credit against the obligation to pay Fixed Rent for the 30th Floor Space only, in the aggregate amount of \$180,700.33 ("30th Floor Space Credit") to be applied only against the Fixed Rent for the 30th Floor Space beginning on the date of this Agreement and continuing thereafter until exhausted. Except for the 30th Floor Space Credit and as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay Fixed Rent for the 30th Floor Space.

11. **Electricity, Water, Sewer and Sprinkler for 30th Floor Space During 30th Floor Term.** During the 30th Floor Space Term, Tenant shall pay for all of the following with respect to the 30th Floor Space: (i) electrical use on a 'submetering' basis in accordance with Article Twenty-Second of the First Amendment, (ii) water and sewer charges of \$102 per month in accordance with Article Twenty-Third of the Original Lease, and (iii) a sprinkler supervisory service charge of \$102 per month in accordance with Article Twenty-Fourth of the Original Lease.

12. **Real Estate Taxes for 30th Floor Space During 30th Floor Space Term.** During the 30th Floor Space Term, Tenant shall pay real estate tax escalation with respect to the 30th Floor Space in accordance with Article Fifty-Eighth of the Original Lease except that (i) the base tax year shall be the New York City real estate tax year commencing July 1, 2014 and ending June 30, 2015, (ii) the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax

abatement or exemption, and (iii) The Percentage for the 30th Floor Space shall be 2.47%.

13. **Additional Rent for 30th Floor Space During 30th Floor Space Term.** In addition to the Fixed Rent and specific items of additional rent set forth above, during the 30th Floor Space Term, Tenant shall be responsible for all additional rent with respect to the 30th Floor Space as set forth in the Lease. Except as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay additional rent for the 30th Floor Space.

14. **Work Contribution (30th Floor Space).** Provided Tenant shall not be in default under this Lease beyond the expiration of any applicable notice and cure periods, Landlord shall contribute as hereinafter provided an amount ("30th Floor Work Contribution") not to exceed a maximum of \$441,245.00 toward (a) Tenant's actual "hard costs" of performing and completing Tenant's build out of the 30th Floor Space ("Tenant's Initial 30th Floor Work"), which Tenant's Initial 30th Floor Work shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord's prior written consent thereto), (b) "Soft Costs" incurred in connection with Tenant's Initial 30th Floor Work, including architectural and engineering fees and other soft costs incurred in connection with Tenant's Initial 30th Floor Work (Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses), and (c) the actual Hard Costs and/or Soft Costs of any other alterations being performed by

Tenant to the Premises on any floor of the Premises (which alterations shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord's prior written consent thereto)).

Provided that the Lease is in full force and effect and no event of default shall have occurred and is continuing hereunder beyond the expiration of any applicable notice and cure periods, and provided further that there are no outstanding mechanic's lien, financing statement or other lien, charge or order in existence filed against Landlord, or against all or any portion of the Premises, or the Building due to any act or omission of Tenant or any of Tenant's contractors or affiliates that has not been actually released and discharged of record or bonded or insured over to the reasonable satisfaction of Landlord, Landlord shall make progress payments to Tenant on account of the 30th Floor Work Contribution on a periodic basis as set forth below in reimbursement of the cost of the work performed by or on behalf of Tenant and paid for by Tenant for Tenant's Initial 30th Floor Work and/or other alterations to the Premises (and not previously reimbursed out of disbursements from the 30th Floor Work Contribution). Concurrently with a request by Tenant for reimbursement out of the 30th Floor Work Contribution, Tenant shall provide documentation to Landlord evidencing that Tenant has retained a portion of the total amounts then due to Tenant's general contractor which portion shall not be less than (a) ten percent (10%) until at least fifty percent (50%) of the Tenant's Initial 30th Floor Work and/or other alterations to the Premises have been substantially completed and (b) five percent (5%) until all of Tenant's Initial 30th Floor Work and/or other alterations to the Premises have been substantially completed. Each of Landlord's progress payments will be limited to an

amount equal to (a) the aggregate amounts theretofore paid by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from 30th Floor Work Contribution), **multiplied by** (b) a fraction (which shall not exceed 1.0), the numerator of which is the amount of 30th Floor Work Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's Initial 30th Floor Work and other alterations to the Premises, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's Initial 30th Floor Work and other alterations to the Premises shown on all plans and specifications approved by Landlord. Provided that Tenant delivers requisitions to Landlord no more than once every sixty (60) days, such progress payments shall be made within sixty (60) days after the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (ii) a written certification from Tenant that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord, (iii) copies of canceled checks from Tenant's general contractor evidencing the payment in full of the work for which such requisition is being made, and (iv) such other documents and information as Landlord may reasonably request. Provided true, correct and complete requisitions are made no more often than every sixty (60) days,

and provided further that the required accompanying documentation as set forth in this Article 16 is delivered to Landlord with such requisition, such requisition shall be paid by Landlord within sixty (60) days after Landlord's receipt of the applicable requisition. If only a portion of the requisition is rejected by Landlord as provided in this Article, Landlord shall cause the non-rejection portion of such requisition to be paid within the original sixty (60) day timeframe set forth above. Notwithstanding anything set forth above, Landlord shall review each requisition submitted by Tenant and, within ten (10) business days after the applicable Requisition Delivery Date either (i) provide written notice to Tenant of Landlord's approval of such requisition or (ii) provide written notice to Tenant setting forth in reasonable detail any items that in Landlord's reasonable judgment would prevent payment of such requisition by Landlord in accordance with the provisions set forth herein. If Landlord fails to respond to Tenant's requisition as set forth above within ten (10) business days after the Requisition Delivery Date, Tenant shall have the right to provide Landlord with a second written notice requesting such approval. Said second written notice shall include in bold uppercase writing that **"PURSUANT TO THE SEVENTH AMENDMENT OF LEASE, LANDLORD'S FAILURE TO RESPOND TO THE ENCLOSED REQUISITION WITHIN FIVE (5) BUSINESS DAYS AFTER LANDLORD'S RECEIPT OF THIS REQUEST, SHALL BE DEEMED TO MEAN THAT THE ENCLOSED REQUISITION IS APPROVED BY LANDLORD."** If Tenant provides the second notice in accordance herewith and Landlord fails to respond to the second notice within five (5) business days after Landlord's receipt thereof, as Tenant's sole and exclusive remedy, such requisition shall be deemed approved, subject only to any written comments from Landlord's lender or said lender's

servicer. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted on or before August 31, 2016 (the "30th Floor Final Submission Date"), *time being of the essence* as to such date. The amounts requested under Tenant's final requisition of the 30th Floor Work Contribution (which shall include, without limitation, the 5% Retainage (as hereafter defined)) shall not be disbursed until all documentation required under this Article 8, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for Tenant's Initial 30th Floor Work and other alterations to the Premises by all Governmental Authorities having jurisdiction thereover (it being acknowledged that a copy of the back of the building permit with "sign-offs" from the applicable inspectors shall satisfy the requirements of this subsection (A)). Notwithstanding anything set forth above to the contrary, the requirements set forth in this subsection (A) shall not be a prerequisite to payment by Landlord of the final requisition of the 30th Floor Work Contribution; provided, however, should Tenant fail to submit the items required by this subsection (A), Landlord shall have the absolute right to retain an amount equal to five percent (5%) of the 30th Floor Work Contribution ("5% Retainage") until such time as Tenant submits the items required by this subsection (A), (B) final "as-built" plans and specifications for Tenant's Initial 30th Floor Work and other alterations to the Premises, (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers (in each case having contracts with a value over \$2,000) covering all of Tenant's Initial 30th Floor Work and other alterations to the Premises, and (D) copies of canceled checks from Tenant's general contractor evidencing the payment in full of Tenant's Initial 30th Floor Work and other alterations to

the Premises. Notwithstanding anything to the contrary set forth in this Lease, the 30th Floor Work Contribution shall be paid by Landlord in no less than five (5) installments with each installment other than the final installment constituting no more than twenty percent (20%) of the 30th Floor Work Contribution. Notwithstanding anything to the contrary set forth in this Article 14, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers, and Tenant shall fail to remove or bond any lien within ten (10) days after notice from Landlord of such failure, such failure shall constitute an event of default under the Lease without the requirement of any other notice of any kind, and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor. Under no circumstance (other than in the event of Tenant's timely exercise of the right of first offer with respect to the 32nd Floor Space in accordance herewith) shall Landlord be required pursuant to this Agreement to contribute in excess of the aggregate of the 28th Floor Work Contribution and the 30th Floor Work Contribution. Except in the event that Tenant timely exercises the right of first offer with respect to the 32nd Floor Space in accordance herewith, and except as otherwise expressly set forth in the Lease, any costs in excess of the aggregate of the 28th Floor Work Contribution and the 30th Floor Work Contribution shall be the sole responsibility of Tenant. Tenant shall be entitled to receive a portion of the 30th Floor Work Contribution (which portion shall in no event exceed \$88,249.00 (the "30th Floor Maximum Portion")) not actually expended by

Tenant in the performance of Tenant's Initial 30th Floor Work or Tenant's other alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the 30th Floor Space, but not additional rent, for the period beginning September 1, 2016 and continuing thereafter until exhausted but only provided on the condition that at the time of application of such credit, (i) Tenant is not then in default under this Lease beyond the expiration of any applicable notice and cure periods, and (ii) Tenant has completed Tenant's Initial 30th Floor Work and has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's Initial 30th Floor Work, Tenant's other alterations to the Premises, and Soft Costs. For the sake of certainty, in the event that as of September 1, 2016 (i.e. the day immediately following the 30th Floor Final Submission Date) with *time being of the essence*, Tenant shall have failed to requisition (in accordance with the Lease) a portion of the 30th Floor Work Contribution which exceeds the 30th Floor Maximum Portion, Tenant shall forever waive Tenant's right to receive (in every respect, including, without limitation as a credit and/or as a work contribution) such excess portion of the 30th Floor Work Contribution over and above the 30th Floor Maximum Portion. No portion of the 30th Floor Work Contribution may be assigned by Tenant prior to the actual payment thereof by Landlord. Landlord has made no representations as to the projected cost of Tenant's Initial 30th Floor Work, Soft Costs, or of Tenant's other alterations to the Premises.

15. **Increase in Security Deposit.** Article Thirty-Eighth of the Original Lease as amended prior to the date hereof is hereby further amended to reflect that effective as of the date hereof, the security deposit under the Lease shall be increased by the

sum of \$88,594.33. Concurrently herewith, Tenant has delivered to Landlord the sum of \$88,594.33 so as to increase the security deposit pursuant to the preceding sentence. From and after the Effective Date, the security deposit (as increased hereby) shall continue to be maintained by Landlord pursuant to Article Thirty-Eighth of the Original Lease as amended prior to the date hereof and as further amended hereby.

16. **Renewal Option with Respect to 28th Floor Space and 30th Floor Space.**

Tenant's one (1) time option to renew the term of the Lease for a term of five (5) years, as set forth in Article 14 of the Third Amendment, shall apply and extend to Tenant's lease of each of the 28th Floor Space and the 30th Floor Space except that the renewal term shall mean the period commencing January 1, 2024 and ending December 31, 2028 (said renewal term with respect to the 28th Floor Space herein being referred to as the "28th Floor Renewal Term" and said renewal term with respect to the 30th Floor Space herein being referred to as the "30th Floor Renewal Term"). Each such option shall be subject to Tenant's satisfaction of all of the conditions set forth in Article 14 of the Third Amendment, including, without limitation, (i) that this Lease is in full force and effect and that no default exists hereunder beyond the expiration of any applicable notice and cure periods at the time of delivery of the Renewal Notice or on January 1, 2024, (ii) that Tenant has already renewed for a term of five (5) years leases in the Building aggregating no less than eight (8) full floors, and (iii) that Tenant delivers the Renewal Notice by no later than December 31, 2022. Once Tenant delivers the Renewal Notice (with respect to the 28th Floor Space and/or the 30th Floor Space), such Renewal Notice shall not under any circumstance be revocable

by Tenant. For the sake of certainty, nothing contained herein shall in any way modify the Renewal Option with respect to portions of the Premises other than the 28th Floor Space and the 30th Floor Space.

The Renewal Option for the 28th Floor Space shall be on all of the same terms, covenants and conditions set forth in the Lease except that during the 28th Floor Renewal Term (i) Landlord shall have no obligation to perform any work in the Premises; (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance; (iii) Tenant shall not be entitled to any free rent, rent credit, concession or abatement; (iv) Tenant shall have no option to renew or extend the term of the Lease with respect to the 28th Floor Space to beyond December 31, 2028; and (v) Fixed Rent during the 28th Floor Renewal Term for the 28th Floor Space shall be as follows:

Fixed Rent during Renewal Term for 28th Floor Space		
Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
January 1, 2024 – December 31, 2024	\$ 745,190.73	\$ 62,099.23
January 1, 2025 – December 31, 2025	\$ 763,820.50	\$ 63,651.71
January 1, 2026 – December 31, 2026	\$ 782,916.01	\$ 65,243.00
January 1, 2027 – December 31, 2027	\$ 802,488.91	\$ 66,874.08
January 1, 2028 – December 31, 2028	\$ 822,551.14	\$ 68,545.93

The Renewal Option for the 30th Floor Space shall be on all of the same terms, covenants and conditions set forth in the Lease except that during the 30th Floor Renewal Term (i) Landlord shall have no obligation to perform any work in the

Premises; (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance; (iii) Tenant shall not be entitled to any free rent, rent credit, concession or abatement; (iv) Tenant shall have no option to renew or extend the term of the Lease with respect to the 30th Floor Space to beyond December 31, 2028; and (v) Fixed Rent during the 30th Floor Renewal Term for the 30th Floor Space shall be as follows:

Fixed Rent during Renewal Term for 30th Floor Space		
Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
January 1, 2024 – December 31, 2024	\$ 775,325.54	\$ 64,610.46
January 1, 2025 – December 31, 2025	\$ 794,708.68	\$ 66,225.72
January 1, 2026 – December 31, 2026	\$ 814,576.40	\$ 67,881.37
January 1, 2027 – December 31, 2027	\$ 834,940.81	\$ 69,578.40
January 1, 2028 – December 31, 2028	\$ 855,814.33	\$ 71,317.86

With respect to the 28th Floor Space during the 28th Floor Renewal Term and with respect to the 30th Floor Space during the 30th Floor Renewal Term, Tenant shall be responsible for all additional rent including, without limitation, water, sewer and sprinkler charges, electricity charges, and real estate tax escalation as set forth in the Lease, and for purposes of calculating said real estate tax escalation, the base year shall not be changed.

17. **Right of First Offer to Lease 32nd Floor Space.**

Provided that (i) this Lease is in full force and effect, (ii) Tenant is not then in default of this Lease beyond any applicable notice and cure periods, and (iii) Tenant is then in actual physical occupancy of at least ninety percent (90%) of the Premises (unless Tenant is not in occupancy due to casualty, condemnation or other causes beyond Tenant's reasonable control), if on or before April 1, 2015, Landlord determines to offer for lease to a third-party tenant all (but not merely one or more portions) of the 32nd Floor Space (which 32nd Floor Space is more particularly described in Exhibit C to this Agreement), Landlord shall, before entering into a written lease of the entire 32nd Floor Space with a third party tenant, first send a notice to Tenant (the "Offer Notice") stating that Landlord intends to offer for lease the 32nd Floor Space, and specifying the date or estimated date that the 32nd Floor Space shall be delivered to Tenant which date shall not be more than six (6) months after the date of delivery to Tenant of the Offer Notice. Tenant shall then have the one-time right, exercisable within twenty (20) days after Tenant's receipt of the Offer Notice, *time being of the essence*, to notify Landlord in writing of Tenant's desire to lease the 32nd Floor Space ("Exercise Notice"). If Tenant timely provides Landlord with the Exercise Notice, Tenant shall be deemed to have elected to lease the 32nd Floor Space on all of the terms and conditions hereafter set forth without any modification thereto:

(a) The Premises shall be expanded to include the 32nd Floor Space for the period commencing on the date that Landlord delivers the 32nd Floor Space to Tenant ("32nd Floor Space Commencement Date") and ending on December 31, 2023 (the "32nd Floor Space Expiration Date") (both dates inclusive) ("32nd Floor Space Term").

Tenant shall, on the 32nd Floor Space Commencement Date, take possession of the 32nd Floor Space pursuant to the terms of the Lease, in its “as is”, “where is” condition, with all faults; provided however, that the 32nd Floor Space shall, on the 32nd Floor Space Commencement Date be free of (i) all tenancies and occupants other than Tenant and its employees, agents and subsidiaries, (ii) violations (other than violations caused by Tenant or Tenant’s agents, contractors or employees) that would prevent Tenant from obtaining a work permit for the performance of Tenant’s Initial 32nd Floor Work (as hereafter defined), and (iii) asbestos in friable condition. Tenant agrees that if at any time, it uncovers asbestos while making improvements to the 32nd Floor Space and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is covered, or shall be covered by Tenant with other floor covering, Landlord shall have no obligation to remove the VAT tile. If Tenant elects to perform demolition work within the 32nd Floor Space, Landlord agrees to obtain for Tenant an ACP-5 for any such work within twenty (20) days after receipt from Tenant of demolition plans for the 32nd Floor Space. LANDLORD AND LANDLORD’S AGENTS HAVE MADE NO REPRESENTATION OR WARRANTY TO TENANT, EXPRESS OR IMPLIED, RESPECTING THE CONDITION OF THE 32nd FLOOR SPACE LEASED HEREUNDER OR THE BUILDING, INCLUDING WITHOUT LIMITATION (A) ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, CONDITION OR TENANTABILITY, OR (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. Except for the removal of asbestos in friable condition, if any, (as expressly required pursuant to this Article 17 of this Agreement),

Landlord shall not be obligated or required to do any work or make any alterations or decorations or install any fixtures, equipment or improvements or make any repairs or replacements to the 32nd Floor Space to prepare or fit the same for Tenant's use or for any other reason whatsoever. Except as expressly set forth herein, Landlord shall not be obligated or required to pay any work contribution or construction allowance in connection with Tenant's lease of the 32nd Floor Space.

(b) During the 32nd Floor Space Term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 32nd Floor Space in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month (32nd Floor Space)
32nd Floor Space Commencement Date – day immediately preceding the one year anniversary of the 32nd Floor Space Commencement Date	\$542,101.00 per annum (\$45,175.08 per month)
One year anniversary of 32nd Floor Space Commencement Date – day immediately preceding the two year anniversary of the 32nd Floor Space Commencement Date	\$555,653.53 per annum (\$46,304.46 per month)
Two year anniversary of 32nd Floor Space Commencement Date – day immediately preceding the three year anniversary of the 32nd Floor Space Commencement Date	\$569,544.86 per annum (\$47,462.07 per month)
Three year anniversary of 32 nd Floor Space Commencement Date – day immediately preceding the four year anniversary of the 32nd Floor Space Commencement Date	\$583,783.48 per annum (\$48,648.62 per month)
Four year anniversary of 32nd Floor Space Commencement Date – day immediately preceding the five year anniversary of the 32nd Floor Space Commencement Date	\$598,378.07 per annum (\$49,864.84 per month)

Time Period	Fixed Rent per Annum and per Month (32nd Floor Space)
Five year anniversary of 32nd Floor Space Commencement Date – day immediately preceding the six year anniversary of the 32nd Floor Space Commencement Date	\$638,551.52 per annum (\$53,212.63 per month)
Six year anniversary of 32nd Floor Space Commencement Date – earlier of (i) December 31, 2023 and (ii) day immediately preceding the seven year anniversary of the 32nd Floor Space Commencement Date	\$654,515.31 per annum (\$54,542.94 per month)
*Seven year anniversary of 32 nd Floor Space Commencement Date – earlier of (i) December 31, 2023, and (ii) day immediately preceding the eight year anniversary of the 32nd Floor Space Commencement Date	\$670,878.19 per annum (\$55,906.52 per month)
** Eight year anniversary of 32 nd Floor Space Commencement Date – earlier of (i) December 31, 2023 and (ii) day immediately preceding the nine year anniversary of the 32 nd Floor Space Commencement Date	\$687,650.15 per annum (\$57,304.18 per month)
***Nine year anniversary of 32 nd Floor Space Commencement Date – December 31, 2023	\$704,841.41 per annum (\$58,736.78 per month)

*Only if seven year anniversary of 32nd Floor Space Commencement Date occurs prior to December 31, 2023.

**Only if eight year anniversary of 32nd Floor Space Commencement Date occurs prior to December 31, 2023.

***Only if nine year anniversary of 32nd Floor Space Commencement Date occurs prior to December 31, 2023.

Provided and on the condition that Tenant is not then in default under the terms of the Lease beyond any applicable notice and cure periods, Tenant shall be entitled to a one-time credit against the obligation to pay Fixed Rent for the 32nd Floor Space only, in the aggregate amount of \$180,700.33 (“32nd Floor Space Credit”) to be applied only

against the Fixed Rent for the 32nd Floor Space beginning on the 32nd Floor Space Commencement Date and continuing thereafter until exhausted. Except for the 32nd Floor Space Credit and as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay Fixed Rent for the 32nd Floor Space.

(c) During the 32nd Floor Space Term, Tenant shall pay for all of the following with respect to the 32nd Floor Space: (i) electrical use on a 'submetering' basis in accordance with Article Twenty-Second of the First Amendment, (ii) water and sewer charges of \$102 per month in accordance with Article Twenty-Third of the Original Lease, and (iii) a sprinkler supervisory service charge of \$102 per month in accordance with Article Twenty-Fourth of the Original Lease.

(d) During the 32nd Floor Space Term, Tenant shall pay real estate tax escalation with respect to the 32nd Floor Space in accordance with Article Fifty-Eighth of the Original Lease except that (i) the base tax year shall be the New York City real estate tax year commencing on July 1 of the year in which occurs the 32nd Floor Space Commencement Date and ending June 30 of the following year, (ii) the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement or exemption, and (iii) The Percentage for the 32nd Floor Space shall be 2.47%.

(e) In addition to the Fixed Rent and specific items of additional rent set forth above, during the 32nd Floor Space Term, Tenant shall be responsible for all additional rent with respect to the 32nd Floor Space as set forth in the Lease. Except as otherwise may be expressly set forth herein or elsewhere in the Lease, Tenant shall not

be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay additional rent for the 32nd Floor Space.

(f) Provided Tenant shall not be in default under this Lease beyond the expiration of any applicable notice and cure periods (and further provided Tenant has timely exercised the right of first offer with respect to the 32nd Floor Space in accordance with this Article 17), Landlord shall contribute as hereinafter provided an amount ("32nd Floor Work Contribution") not to exceed a maximum of \$441,245.00 toward (a) Tenant's actual "hard costs" of performing and completing Tenant's build out of the 32nd Floor Space ("Tenant's Initial 32nd Floor Work"), which Tenant's Initial 32nd Floor Work shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord's prior written consent thereto), (b) "Soft Costs" incurred in connection with Tenant's Initial 32nd Floor Work, including architectural and engineering fees and other soft costs incurred in connection with Tenant's Initial 32nd Floor Work (Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses), and (c) the actual Hard Costs and/or Soft Costs of any other alterations being performed by Tenant to the Premises on any floor of the Premises (which alterations shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord's prior written consent thereto)).

Provided that the Lease is in full force and effect and no event of default shall have occurred and is continuing hereunder beyond the expiration of any applicable

notice and cure periods, and provided further that there are no outstanding mechanic's lien, financing statement or other lien, charge or order in existence filed against Landlord, or against all or any portion of the Premises, or the Building due to any act or omission of Tenant or any of Tenant's contractors or affiliates that has not been actually released and discharged of record or bonded or insured over to the reasonable satisfaction of Landlord, Landlord shall make progress payments to Tenant on account of the 32nd Floor Work Contribution on a periodic basis as set forth below in reimbursement of the cost of the work performed by or on behalf of Tenant and paid for by Tenant for Tenant's Initial 32nd Floor Work and/or other alterations to the Premises (and not previously reimbursed out of disbursements from the 30th Floor Work Contribution). Concurrently with a request by Tenant for reimbursement out of the 32nd Floor Work Contribution, Tenant shall provide documentation to Landlord evidencing that Tenant has retained a portion of the total amounts then due to Tenant's general contractor which portion shall not be less than (a) ten percent (10%) until at least fifty percent (50%) of the Tenant's Initial 32nd Floor Work and/or other alterations to the Premises have been substantially completed and (b) five percent (5%) until all of Tenant's Initial 32nd Floor Work and/or other alterations to the Premises have been substantially completed. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from 32nd Floor Work Contribution), **multiplied by** (b) a fraction (which shall not exceed 1.0), the numerator of which is the amount of 32nd

Floor Work Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's Initial 32nd Floor Work and other alterations to the Premises, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's Initial 32nd Floor Work and other alterations to the Premises shown on all plans and specifications approved by Landlord. Provided that Tenant delivers requisitions to Landlord no more than once every sixty (60) days, such progress payments shall be made within sixty (60) days after the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (ii) a written certification from Tenant that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord, (iii) copies of canceled checks from Tenant's general contractor evidencing the payment in full of the work for which such requisition is being made, and (iv) such other documents and information as Landlord may reasonably request. Provided true, correct and complete requisitions are made no more often than every sixty (60) days, and provided further that the required accompanying documentation as set forth in this Article 17 is delivered to Landlord with such requisition, such requisition shall be paid by Landlord within sixty (60) days after Landlord's receipt of the applicable requisition. If only a portion of the requisition is rejected by Landlord as provided in this Article, Landlord shall cause the non-rejected portion of such requisition to be paid within the

original sixty (60) day timeframe set forth above. Notwithstanding anything set forth above, Landlord shall review each requisition submitted by Tenant and, within ten (10) business days after the applicable Requisition Delivery Date either (i) provide written notice to Tenant of Landlord's approval of such requisition or (ii) provide written notice to Tenant setting forth in reasonable detail any items that in Landlord's reasonable judgment would prevent payment of such requisition by Landlord in accordance with the provisions set forth above. If Landlord fails to respond to Tenant's requisition as set forth above within ten (10) business days after the Requisition Delivery Date, Tenant shall have the right to provide Landlord with a second written notice requesting such approval. Said second written notice shall include in bold uppercase writing that "**PURSUANT TO THE SEVENTH AMENDMENT OF LEASE, LANDLORD'S FAILURE TO RESPOND TO THE ENCLOSED REQUISITION WITHIN FIVE (5) BUSINESS DAYS AFTER LANDLORD'S RECEIPT OF THIS REQUEST, SHALL BE DEEMED TO MEAN THAT THE ENCLOSED REQUISITION IS APPROVED BY LANDLORD.**" If Tenant provides the second notice in accordance herewith and Landlord fails to respond to the second notice within five (5) business days after Landlord's receipt thereof, as Tenant's sole and exclusive remedy, such requisition shall be deemed approved, subject only to any written comments from Landlord's lender or said lender's servicer. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted on or before the last day of the twenty-eighth (28th) full calendar month following the 32nd Floor Space Commencement Date (the "32nd Floor Final Submission Date"), *time being of the essence* as to such date. The amounts requested under Tenant's final requisition of the 32nd Floor Work Contribution (which

shall include, without limitation, the 5% Retainage (as hereafter defined)) shall not be disbursed until all documentation required under this Article 17, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for Tenant's Initial 32nd Floor Work and other alterations to the Premises by all Governmental Authorities having jurisdiction thereover (it being acknowledged that a copy of the back of the building permit with "sign-offs" from the applicable inspectors shall satisfy the requirements of this subsection (A)). Notwithstanding anything set forth above to the contrary, the requirements set forth in this subsection (A) shall not be a prerequisite to payment by Landlord of the final requisition of the 32nd Floor Work Contribution; provided, however, should Tenant fail to submit the items required by this subsection (A), Landlord shall have the absolute right to retain an amount equal to five percent (5%) of the 32nd Floor Work Contribution ("5% Retainage") until such time as Tenant submits the items required by this subsection (A), (B) final "as-built" plans and specifications for Tenant's Initial 32nd Floor Work and other alterations to the Premises, (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers (in each case having contracts with a value over \$2,000) covering all of Tenant's Initial 32nd Floor Work and other alterations to the Premises, and (D) copies of canceled checks from Tenant's general contractor evidencing the payment in full of Tenant's Initial 32nd Floor Work and other alterations to the Premises. Notwithstanding anything to the contrary set forth in this Lease, the 32nd Floor Work Contribution shall be paid by Landlord in no less than five (5) installments with each installment other than the final installment constituting no more than twenty percent (20%) of the 32nd Floor Work Contribution. Notwithstanding

anything to the contrary set forth in this Article 17, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers, and Tenant shall fail to remove or bond any lien within ten (10) days after notice from Landlord of such failure, such failure shall constitute an event of default under the Lease without the requirement of any other notice of any kind, and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor. Under no circumstance shall Landlord be required pursuant to this Article 17 to contribute in excess of the 32nd Floor Work Contribution. Except if payable as part of the 28th Floor Work Contribution or the 30th Floor Work Contribution, and except as otherwise expressly set forth in the Lease, any costs in excess of the 32nd Floor Work Contribution shall be the sole responsibility of Tenant. Tenant shall be entitled to receive a portion of the 32nd Floor Work Contribution (which portion shall in no event exceed \$88,249.00 (the "32nd Floor Maximum Portion")) not actually expended by Tenant in the performance of Tenant's Initial 32nd Floor Work or Tenant's other alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the 32nd Floor Space, but not additional rent, for the period beginning on the day immediately following the 32nd Floor Final Submission Date and continuing thereafter until exhausted, but only provided on the condition that at the time of application of such credit, (i) Tenant is not then in default under this Lease beyond the expiration of any applicable notice and cure periods, and (ii) Tenant has completed Tenant's Initial 32nd Floor Work and has

provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's Initial 32nd Floor Work, Tenant's other alterations to the Premises, and Soft Costs. For the sake of certainty, in the event that as of the day immediately following the 32nd Floor Final Submission Date, with ***time being of the essence***, Tenant shall have failed to requisition (in accordance with the Lease) a portion of the 32nd Floor Work Contribution which exceeds the 32nd Floor Maximum Portion, Tenant shall forever waive Tenant's right to receive (in every respect, including, without limitation as a credit and/or as a work contribution) such excess portion of the 32nd Floor Work Contribution over and above the 32nd Floor Maximum Portion. No portion of the 32nd Floor Work Contribution may be assigned by Tenant prior to the actual payment thereof by Landlord. Landlord has made no representations as to the projected cost of Tenant's Initial 32nd Floor Work, Soft Costs, or of Tenant's other alterations to the Premises.

To the extent not in conflict with subsections (a) through (f) above, Tenant's lease of the 32nd Floor Space shall be on the terms and conditions set forth in the Lease (it being understood that if and to the extent of any inconsistency between subsections (a) through (f) above and the terms set forth in the Lease, the subsections (a) through (f) above shall prevail as to the lease of the 32nd Floor Space). In the event Tenant fails to provide the Exercise Notice to Landlord within the above described twenty (20) day period, ***time being of the essence***, then, except as expressly set forth in the last paragraph of this Article 17, if applicable, Landlord shall thereafter be free for the remainder of the term of the Lease (and any renewal term) to lease the 32nd Floor Space to any third party or parties at such rent and upon such conditions as Landlord

may determine in Landlord's sole and absolute discretion, and this Article 17 shall be of no force or effect.

Once Tenant delivers the Exercise Notice to Landlord, Tenant shall not, under any circumstance except as expressly set forth below, have the right to revoke the Exercise Notice.

Notwithstanding the Tenant's timely delivery of the Exercise Notice, Landlord shall not be obligated to lease the 32nd Floor Space to Tenant if at the time Landlord would otherwise tender possession of the 32nd Floor Space to Tenant, Tenant is in default under the Lease beyond any applicable notice and cure periods. In such event, Landlord may provide Tenant with a written notice ("Revocation Notice") revoking the Exercise Notice. If Landlord provides the Revocation Notice, Tenant shall have no right to lease the 32nd Floor Space and (a) Landlord shall thereafter be free for the remainder of the term of the Lease (and any renewal term) to lease the 32nd Floor Space to any third party or parties at such rent and upon such conditions as Landlord may determine in Landlord's sole and absolute discretion, and this Article 17 (including, without limitation, the last paragraph of this Article 17), shall be of no force or effect, and (b) any amendment of the Lease respecting such 32nd Floor Space shall automatically be null and void and, upon request from either party, the parties shall confirm same in writing.

If the 32nd Floor Space is occupied, (i) Landlord's delivery of the 32nd Floor Space to Tenant shall be subject to Landlord's regaining possession thereof from the tenant(s) then occupying same, and (ii) if any existing tenant(s) of any portion of the 32nd Floor Space fails to vacate said portion within thirty (30) days after the expiration

date of such existing tenant'(s) lease(s), Landlord shall endeavor to cause such existing tenant(s) to so vacate (either by commencing a holdover proceeding or through such other legally permissible means), but in any event, Landlord shall not be liable to Tenant if Landlord is unable to obtain possession of the 32nd Floor Space in a timely fashion for any reason; provided, that if Landlord is delayed in delivering the 32nd Floor Space to Tenant for four (4) months or more following the delivery date or estimated delivery date specified in the Offer Notice, Landlord and Tenant shall each have the absolute right (which right shall be Tenant's only remedy therefor) to rescind its Offer Notice (in the case of Landlord) or Exercise Notice (in the case of Tenant) by delivery of written notice of rescission to the other party at any time after such four (4) month period but prior to Landlord's delivery of the 32nd Floor Space to Tenant, whereupon, (a) Landlord shall thereafter be free for the remainder of the term of the Lease (and any renewal term) to lease the 32nd Floor Space to any third party or parties at such rent and upon such conditions as Landlord may determine in Landlord's sole and absolute discretion, and this Article 17 (including, without limitation, the last paragraph of this Article 17), shall be of no force or effect, and (b) any amendment of the Lease respecting such 32nd Floor Space shall automatically be null and void and, upon request from either party, the parties shall confirm same in writing.

The rights conferred upon Tenant pursuant this Article 17 are personal to Tenant and are not assignable or transferable to any third party or parties.

Tenant's rights under this Article 17 shall be subject and subordinate to any and all options, rights of first offer and/or rights of first refusal and/or expansion rights and other like rights heretofore granted by Landlord to tenants of the Building under leases

of space in the Building in existence on the date hereof, as well as to Landlord's absolute right, in Landlord's absolute discretion, (i) to renew or extend any existing lease(s) covering all or any portion of the 32nd Floor Space to the then tenant(s) of all or a portion thereof, or (ii) to expand the rentable area of the demised premises leased under now-existing leases (as the same may theretofore have been renewed or extended) to the then tenant(s) of all or a portion of the 32nd Floor Space, in the case of both (i) and (ii) above, even in the absence of a renewal, extension, expansion or other option contained therein.

If as of April 2, 2015, the circumstances requiring Landlord to send an Offer Notice pursuant to this Article 17 have not occurred, Landlord shall thereafter be free for the remainder of the term of the Lease (and any renewal term) to lease the 32nd Floor Space to any third party or parties at such rent and upon such conditions as Landlord may determine in Landlord's sole and absolute discretion, and this Article 17 (including, without limitation, the last paragraph of this Article 17), shall be of no force or effect.

Promptly after Tenant's timely delivery of the Exercise Notice, Landlord and Tenant shall enter an amendment to the Lease prepared by Landlord confirming the terms upon which Landlord shall lease to Tenant the 32nd Floor Space (which terms shall be on the terms set forth in this Article 17), but the failure to do so shall not impair, affect or reduce the parties' obligations with respect to the lease of such 32nd Floor Space.

Notwithstanding anything above to the contrary, in the event Tenant fails to provide the Exercise Notice to Landlord within twenty (20) days after Tenant's receipt of the Offer Notice, then, only in such case, the following shall apply: If (i) within ninety

(90) days after the date of the Offer Notice, Landlord receives (a) an offer to lease the 32nd Floor Space to a bona fide third party tenant, or (b) multiple offers to lease portions of the 32nd Floor Space, which together comprise the entire 32nd Floor Space, and such lease or leases would be at an aggregate net effective rent equal to ninety five percent (95%) or less of the net effective rent set forth earlier in this Article 17 (including fixed rent, additional rent, rent concessions, construction allowances, and any work to be performed in such space by Landlord) but on such other terms as Landlord desires in Landlord's sole and absolute discretion, and (ii) Landlord desires to accept such offer or offers, then, prior to countersigning any such lease or leases, Landlord shall deliver to Tenant a second Offer Notice, and Tenant shall again have twenty (20) days after receipt of such second Offer Notice, with *time being of the essence*, to deliver an Exercise Notice, and to thereby irrevocably commit to lease the 32nd Floor Space except that in such instance, such lease shall be on (a) the same economic terms as were proposed in such offer from such tenant and specified in the second Offer Notice (or such aggregate economic terms if multiple offers from multiple tenants for portions of the 32nd Floor Space which together comprise the entire 32nd Floor Space), and (b) all of the non economic terms set forth in this Article 17 (including, without limitation, 32nd Floor Space Term). In the event Tenant fails to provide the Exercise Notice to Landlord within the twenty (20) day period described in the immediately preceding sentence, *time being of the essence*, then, Landlord shall thereafter be free for the remainder of the term of the Lease (and any renewal term) to lease the 32nd Floor Space to any third party or parties at such rent and upon such conditions as Landlord may determine in

Landlord's sole and absolute discretion, and this Article 17 (including, without limitation, this last paragraph of this Article 17), shall be of no force or effect.

18. **Renewal Option with Respect to 32nd Floor Space.**

Provided (I) Tenant leases the 32nd Floor Space pursuant to and in accordance with Article 17, and (II) Tenant satisfies all of the conditions set forth in this Article 18, Tenant's one (1) time option to renew the term of the Lease for a term of five (5) years, as set forth in Article 14 of the Third Amendment, shall apply and extend to Tenant's lease of the 32nd Floor Space except that the renewal term shall mean the period commencing on January 1, 2024 and ending on December 31, 2028 (said renewal term with respect to the 32nd Floor Space herein being referred to as the "32nd Floor Renewal Term"). Such option shall be subject to Tenant's satisfaction of all of the conditions set forth in Article 14 of the Third Amendment, including, without limitation, (i) that this Lease is in full force and effect and that no default exists hereunder beyond the expiration of any applicable notice and cure periods at the time of delivery of the Renewal Notice or on the first day of the 32nd Floor Renewal Term, (ii) that Tenant has already renewed for a term of five (5) years leases in the Building aggregating no less than eight (8) full floors, and (iii) that Tenant delivers the Renewal Notice by no later than December 31, 2022. Once Tenant delivers the Renewal Notice (with respect to the 32nd Floor Space), such Renewal Notice shall not under any circumstance be revocable by Tenant. For the sake of certainty, nothing contained in this Article 18 shall in any way modify the Renewal Option with respect to portions of the Premises other than the 32nd Floor Space.

The Renewal Option for the 32nd Floor Space shall be on all of the same terms, covenants and conditions set forth in the Lease except that during the 32nd Floor Renewal Term (i) Landlord shall have no obligation to perform any work in the Premises; (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance; (iii) Tenant shall not be entitled to any free rent, rent credit, concession or abatement; (iv) Tenant shall have no option to renew or extend the term of the Lease with respect to the 32nd Floor Space to beyond December 31, 2028.

Fixed Rent during the 32nd Floor Renewal Term for the 32nd Floor Space cannot be determined until Landlord delivers possession of the 32nd Floor Space to Tenant. Landlord and Tenant nonetheless acknowledge and agree that Fixed Rent during the 32nd Floor Renewal Term for the 32nd Floor Space shall be calculated as follows:

Fixed Rent for the 32nd Floor Space for the first year of the 32nd Floor Renewal Term (January 1, 2024 – December 31, 2024) shall be 1.10 times the Fixed Rent for the 32nd Floor Space for the period beginning January 1, 2023 and continuing thereafter to and including December 31, 2023. Beginning on January 1, 2025 and thereafter on each January 1 during the 32nd Floor Renewal Term, Fixed Rent shall be increased by 2.5% on a cumulative and compounded basis.

With respect to the 32nd Floor Space during the 32nd Floor Renewal Term, Tenant shall be responsible for all additional rent including, without limitation, water, sewer and sprinkler charges, electricity charges, and real estate tax escalation as set forth in the Lease, and for purposes of calculating said real estate tax escalation, the base year shall not be changed.

19 . **Insurance.** Tenant hereby agrees to (at Tenant's sole cost and expense) procure and maintain in full force and effect throughout the remainder of term of the Lease (and any extension thereof) any and all additional insurance in the forms and with the minimum limits reasonably required by Landlord. All such insurance shall (i) name Landlord, Landlord's managing agent, and such other parties as Landlord shall require as certificate holder and additional insured and (ii) extend to all floors (and partial floors) comprising the Premises. Concurrently with its execution and delivery of this Agreement, Tenant shall furnish to Landlord documentation (including, without limitation certificates and endorsements) evidencing Tenant's having obtained such insurance and paid the premiums for such insurance.

20. **Brokerage.** Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Grubb Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party. The provisions of this Article shall survive the expiration or sooner termination of the Lease.

21. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to each other that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect, (ii) each has no claims,

counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as may be otherwise be expressly set forth in the Lease, Tenant is not entitled to any free rent, rent abatement, Landlord's work contribution or allowance, or Landlord's work. Tenant acknowledges that to Tenant's knowledge, Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

22. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein, and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

23. **Submission of Amendment.** The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for

the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative.

24. **Binding Effect; Governing Law.** This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

25. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document.

26. **No Recordation.** Landlord and Tenant agree that this Agreement shall not be recorded.

EXHIBIT A

28th Floor Space

EXHIBIT B

30th Floor Space

EXHIBIT C

32nd Floor Space

CERTIFICATION PURSUANT TO
RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2014

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Neal S. Nackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2014

/s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb
Morris Goldfarb
Chief Executive Officer

Date: June 5, 2014

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, Neal S. Nackman, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

Date: June 5, 2014

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
