

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE LEASE AMENDMENT	LEASE AMENDMENT No. 5
	TO LEASE NO. GS-03B-12068
ADDRESS OF PREMISES 100 Independence Mall West Philadelphia, PA 19106-2320	PDN NO. PS0031286

THIS AMENDMENT is made and entered into between

KPG IMW Owner LLC

whose address is: 125 E Elm Street, Suite 400
Conshohocken, PA 19428-4154

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease, to reflect a change of Lessor's address, establish the lease term, establish the square footage, establish the annual rent and establish the lump sum payment of tenant improvements.

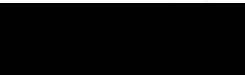
NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective August 4, 2015 as follows:


- A. The Lease Term Commencement Date is hereby established as August 4, 2015. The lease term is established as August 4, 2015 through August 3, 2030. In accordance with Clause No. 12 PROGRESSIVE OCCUPANCY of Exhibit D General Clauses, rent shall commence for 104,610.68 rentable square feet (RSF) of the Premises, yielding 94,039 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related space located on the 2nd, 3rd, and 4th floors of 100 Independence Mall West as shown on the floor plans attached as Exhibit B. The commencement date of the firm lease term will be a composite determined from all rent commencement dates.

This Lease Amendment contains 4 pages.


All other terms and conditions of the Lease shall remain in force and effect.
IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE GOVERNMENT:

Signature: 
 Name: _____
 Title: Lease Contracting Officer
 GSA, Public Buildings Services,
 Date: 9/10/15


 Title: Sc. VP
 Entity Name: KPG-Imw Owner LLC
 Date: 9/10/15

WITNESSED FOR THE LESSOR BY:

Signature: 
 Name: _____
 Title: Asst manager
 Date: 9/10/15

- B. In order to fully comply with Paragraph 3.13 MEANS OF EGRESS (AUG 2011) of the Lease, the National Fire Protection Association, Life Safety Code (NFPA 101) and the International Code Council, International Building Code (IBC), the Lessor has agreed to perform alterations to the Stairwell 1 and Parking Garage egress components in order to correct outstanding deficiencies. The Lessor shall provide the Contracting Officer with a fully compliant plan of action which shall include Construction Drawings and a code analysis by Lessor's architect approved by the City of Philadelphia Licenses and Inspections by issuance of a building permit. Said alterations shall be completed no later than September 30, 2015. Failure to complete said alterations by September 30, 2015 shall be treated as a default under Paragraph 11. 552.270-18 DEFAULT BY LESSOR (SEP 2011) of the lease. Considering the aforementioned deficiency, the Government has agreed to establish beneficial occupancy in order to install and secure Government furnished equipment. Completion of said alterations and compliance with Paragraph 3.13 MEANS OF EGRESS (AUG 2011) of the Lease shall deem the space to be substantially complete.
- C. In consideration of acknowledging beneficial occupancy as August 4, 2015, the Lessor waives any construction claims for work performed to September 10, 2015 as well as any claims against GSA solely for any direct or indirect costs related to delay and/or acceleration in the performance of the contract to October 1, 2015.
- D. The Lessor shall provide a part-time day porter (20 hours per week) to provide Enhanced Cleaning Services in accordance with Exhibit A to this Lease Amendment. The Government reserves the right to amend the services at GSA's additional costs, if any. The annual operating costs shall increase in the amount of [REDACTED] to provide said services.

Additionally, the Lessor has agreed to purchase and install three (3) Automated External Defibrillators as a tenant improvement expenditure in the Government's space.

The annual operating costs shall be established at [REDACTED] based on the Government's occupancy of 94,039 ABOA SF of space. Due to the aforementioned additional operating costs, the operating cost base shall increase from [REDACTED] to \$997,933.37. The operating cost base is subject to future adjustments based upon the completion and acceptance of the remaining 27,961 ABOA SF of space under the lease.

- E. Paragraph 1.12 OPERATING COST BASE (AUG 2011) of the Lease is hereby amended by deleting the existing text and inserting in lieu thereof the following:
- The parties agree that for the purpose of applying the clause titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be \$997,933.37.
- F. In accordance with Paragraph 1.13 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (AUG 2011) of the lease, the Government has elected to reduce the operating costs by \$2.00/ABOA SF or \$188,078.00 for the first two months of lease while the space remains unoccupied.

INITIALS: [Signature] & BT
LESSOR & GOVT

G. Paragraph 1.03, sub-paragraph A of the Lease is hereby amended by deleting the existing text and inserting in lieu thereof the following:

A. In relation to the 94,039 ABOA SF of accepted space, the Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	8/4/2015 – 10/3/2015	10/4/2015 – 11/3/2015	11/4/2015 – 8/3/2020	8/4/2020 – 8/3/2025	8/4/2025 – 8/3/2030
	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT	ANNUAL RENT
SHELL RENT	\$1,033,553.51 ⁵	\$1,033,553.51	\$1,033,553.51	\$1,268,927.54	\$1,410,151.96
TENANT IMPROVEMENTS RENT ¹	\$511,842.67 ⁵	\$511,842.67	\$511,842.67	\$511,842.67	\$511,842.67
OPERATING COSTS ²	\$809,855.37 ^{5,6}	\$997,933.37	\$997,933.37	\$997,933.37	\$997,933.37
BUILDING SPECIFIC AMORTIZED CAPITAL ³	\$14,804.62 ⁵	\$14,804.62	\$14,804.62	\$14,804.62	\$14,804.62
PARKING ⁴	\$0.00 ⁷	\$0.00	\$ 199,920.00	\$ 231,762.07	\$ 268,675.76
TOTAL ANNUAL RENT	\$2,370,056.17	\$2,558,134.17	\$2,758,054.17	\$3,025,270.27	\$3,203,408.38

¹ The Tenant Improvement Allowance of \$5,054,596.25 is amortized at a rate of 6 percent per annum over 15 years.

² Operating costs consist of two components, the operating cost base and the electric cost base. The operating cost base of [REDACTED] shall be adjusted annually in accordance with 2.08 OPERATING COSTS ADJUSTMENT (APR 2011). The electric cost base of [REDACTED] shall be adjusted annually in accordance with SECTION 7, "ELECTRIC COSTS ADJUSTMENT." The total annual operating costs are \$997,933.37.

³ Building Specific Security Costs of \$146,200 are amortized at a rate of 6 percent per annum over 15 years

⁴ Parking shall be provided at a rate of \$340 per parking space per month (structured) with 3% annual escalations throughout the term of the lease including any renewal periods.

⁵ In accordance with the lease negotiations, the lessor has offered free rent (net of electric) to the Government for the first 2 months of occupancy. Accordingly, a monthly rent credit in the amount of \$197,504.68 shall be provided to the Government for the first 2 months of occupancy.

⁶ The electric cost base shall be established at [REDACTED] per ABOA SF or [REDACTED] annually based on the Government's occupancy of 94,039 ABOA SF of space. In accordance with Paragraph 1.13 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (AUG 2011) of the lease, the Government has elected to reduce the operating costs by [REDACTED]/ABOA SF or [REDACTED] for the first two months of lease while the space remains unoccupied. The net operating costs for the first two months of the lease are \$0.00.

⁷ Per Lease Amendment No. 3, the Government will commence rent on 49 structured parking spaces on November 4, 2015.

*The Lessor has elected to amortize tenant improvements and building specific security over the full 15 year term of the lease. Should the Government decide to terminate this lease after the 10 year firm term, the Government shall not be responsible for the remaining principal associated with the tenant improvements or building specific security.

H. The Lessor and Government agree to the following shell credit substitutions to the LEED-CI Credits Statement:

"Energy and Atmosphere, Credit 4 Green Power (5 points)" shall replace "Energy and Atmosphere, Credit 1.3 Optimize Energy Performance – HVAC (5 points)." "Indoor Environmental Quality, Credit 2 Increased Ventilation (1 point)" will not be achieved. The Lessor shall replace this credit with "Construction Waste Management Exemplary Performance (Materials & Resource Credit 2 – 1 point)" or "Green Power Exemplary Performance (Energy & Atmosphere Credit 4 – 1 point)." The total LEED shell credits to be achieved as part of the shell rental consideration is 42 credits.

I. Per paragraph 6.03 SEPARATE METERING OF ELECTRIC, the Lessor shall provide and install as part of shell rent, separate meters for electric consumption in the "tenant occupied space". The separate meters are intended for tenant plug load and light usage only. The Lessor has not properly separated Lessor and Government obligations. As a result, the Government will not recognize monthly electric bills until the tenant occupied space has been properly metered. The Lessor shall issue written notice to the Government to schedule the inspection of the meters. Furthermore, the Government will not occupy the space until October 4, 2015. Accordingly, the Lessor has agreed to forego reimbursement of electric expenses until after October 4, 2015. Electric expenses will not be recognized until the Government has confirmed via an inspection that the meters are installed per the lease requirements.

INITIALS:  & 
LESSOR & GOV'T

- J. Throughout the entire leased premises, the Lessor shall provide and install as part of the shell consideration rental radiator middle and end caps such that the perimeter radiator heating system will be contiguous around the perimeter of the space.
- K. Paragraph 6.18 RECYCLING (DEC 2007), paragraph C of the Lease is hereby amended by deleting the existing text and inserting in lieu thereof the following:
- L. The Lessor shall provide 23 “United Receptacle SR14SS Rectangular Designer Line Silhouette Open Top” Trash Cans to be utilized as recycling containers for the collection and storage of materials for recycling. Telecom rooms are not acceptable as recycling space. During the Lease term, the Lessor agrees, upon request, to provide the Government with additional information concerning recycling programs maintained in the Building and in the Space. This information includes but is not limited to monthly recycling quantities & verification documentation from waste and recycling haulers, concerning recycling programs maintained in the building and in the leased space.
- M. In accordance with the approved DIDs, the Government requires a minimum cable capacity of 1.25 cables per workstation. The Lessor has provided and included in the tenant improvement construction cost a cable capacity of 1 cable per workstation. The Lessor shall provide additional cables per the approved DIDs. The Governmental agrees to fund this change order; however, pricing shall be provided based on the work being completed in unfinished space at non-premium labor rates. The Government is electing to withhold the estimated cost to complete said work in the amount of \$84,000.00 from the lump sum tenant improvements until this deficiency is finalized. Upon completion and acceptance of said alterations, the Government shall reimburse the Lessor \$84,000.00 plus the negotiated cost to complete said work based on the work being completed in unfinished space at non-premium labor rates.
- N. Due to Government-approved change orders during the construction phase totaling \$76,096.00, the total construction cost for alterations in relation to the 94,039 ABOA SF has increased from \$8,924,161.31 to \$9,000,257.31. The Government is electing amortize \$5,054,596.25 in the rent over the full term of the Lease at an annual interest rate of 6 percent. The remaining \$3,945,661.06 shall be paid via a one-time lump sum payment to the Lessor upon substantial completion of the space.
- O. Upon completion of the work, the Lessor shall notify the Lease Contracting Officer. After inspection and acceptance of the work by the Government, a properly executed original invoice for the lump-sum payment shall be forwarded to:

General Services Administration
 (GSA) Finance Greater Southwest
 Region (7BC)
 PO Box 17181
 Fort Worth, Texas 76102-0181

A copy of the invoice must also be mailed to the Contracting:

Officer at: GSA, Public Buildings Service
 Real Estate Acquisition Division – North Branch
 The Strawbridge Building - 8th Floor
 20 North 8th Street
 Philadelphia, PA 19107-3101
 ATTN: Cheryl Grosso

For an invoice to be considered proper, it must:

- 1.) be received after the execution of this Lease Amendment,
- 2.) reference the Pegasys Document Number (PDN) specified on this form (PS0031286)
- 3.) include a unique, vendor-supplied invoice number
- 4.) include the exact payment amount requested, and
- 5.) specify the payee’s name and address. The payee’s name and address must exactly match the lessor’s name and address listed above.

P. The heading of this lease is amended by deleting the text following “by and between” and up to “and whose interest in the property...” and substituting, in lieu thereof, the following: “KPG IMW Owner LLC, 125 Elm Street, Suite 400, Conshohocken, PA 19428-4154.”

INITIALS: CP & BT
 LESSOR & GOV'T