

AGREEMENT OF LEASE

between

**BATTERY PARK CITY AUTHORITY,
d/b/a HUGH L. CAREY BATTERY PARK CITY AUTHORITY,
Landlord**

and

TRIBECA NORTH END LLC

Tenant

Premises:

Tribeca Bridge Tower

Site 22, Battery Park City

Dated: As of May 25, 2000

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AGREEMENT OF LEASE (this "Lease") dated as of the 25th day of May, 2000 between **BATTERY PARK CITY AUTHORITY, d/b/a HUGH L. CAREY BATTERY PARK CITY AUTHORITY**, a body corporate and politic constituting a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281, and **TRIBECA NORTH END LLC**, a Delaware limited liability company having an office at 1200 Union Turnpike, New Hyde Park, New York 11040.

WITNESSETH:

It is hereby mutually covenanted and agreed by and between the parties hereto that this Lease is made upon the terms, covenants and conditions hereinafter set forth.

ARTICLE 1.

DEFINITIONS

1.01. The terms defined in this Article I shall, for all purposes of this Lease, have the following meanings or shall be otherwise defined in the Sections referenced below:

<u>Term</u>	<u>Definition/Section Reference</u>
Affiliate	(i) (a) Any Person (hereinafter defined) that has, directly or indirectly, an ownership interest in Tenant or (b) any Person in which Tenant or an Affiliate of Tenant by virtue of clause (a) of this definition, has an ownership interest, and (ii) any individual who is a member of the immediate family (whether by birth or marriage) of an individual who is an Affiliate, which includes for purposes of this definition a spouse; a brother or sister of the whole or half blood of such individual or his spouse; a lineal descendant or ancestor (including an individual related by or through legal adoption) of any of the foregoing or a trust for the benefit of any of the foregoing.
Apartment Corporation	Defined in the Cooperative Plan (hereinafter defined).
Approved Remedies	Defined in <u>Section 25.04(a)</u> .
Base Rent	Defined in <u>Section 3.01(a)</u> .
Base Rent Floor	An amount per annum, determined as of the first day of each of the Second, Third and Fourth Periods, equal to the greater of (x) six percent

<u>Term</u>	<u>Definition/Section Reference</u>
	(6%) of the fair market value of the Land, determined as provided in <u>Sections 3.01(c)</u> and <u>3.05</u> , considered as unencumbered by this Lease and the Master Lease and as unimproved except for Landlord's Civic Facilities and other site improvements made by Landlord or (y) the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined.
Building	The building, including footings and foundations, Equipment (hereinafter defined) and other improvements and appurtenances of every kind and description now or hereafter erected, constructed, or placed within the Demised Space (hereinafter defined) including, without limitation, Capital Improvements (hereinafter defined), and any and all alterations and replacements thereof, additions thereto and substitutions therefor.
Business Days	Any day which is not a Saturday, Sunday or a day observed as a holiday by either the State of New York or the federal government
Capital Improvement	Defined in <u>Section 12.01</u> .
Certificate of Occupancy	A certificate of occupancy issued by the Department of Buildings of New York City pursuant to <u>Section 645</u> of the New York City Charter or other similar certificate issued by a department or agency of New York City.
Civic Facilities	Defined in <u>Section 25.01(a)</u> .
Civic Facilities Payment	Defined in <u>Section 25.05(a)</u> .
Commencement Date	The date of this Lease.
Commitment to Lease	That certain Commitment to Lease dated as of March 7, 2000, as amended through the date hereof, between Landlord and Tenant..
Construction Agreements	Agreements for any Restoration (hereinafter defined), Capital Improvement, rehabilitation, alteration, repair or demolition performed pursuant to this Lease.
Construction Documents	The final contract plans and specifications for the Building, more specifically identified on <u>Exhibit C</u> hereto.
Consumer Price	The Consumer Price Index for All Urban Consumers published by the

<u>Term</u>	<u>Definition/Section Reference</u>
Index	Bureau of Labor Statistics of the United States Department of Labor, New York-Northern New Jersey-Long Island-NY-NJ-CT area, All Items (1982-84=100), or any successor index thereto, appropriately adjusted. If the Consumer Price Index ceases to be published, and there is no successor thereto, such other index as Landlord and Tenant agree upon, as appropriately adjusted, shall be substituted for the Consumer Price Index.
Cooperative Apartment	Each apartment in the Building offered pursuant to the Cooperative Plan.
Cooperative Plan	The plan to submit Tenant's leasehold estate in the Premises to cooperative ownership, together with all amendments, modifications and supplements thereto
Corrected PILOT	Defined in <u>Section 3.02(b)</u> .
Default	Any condition or event which constitutes or, after notice or lapse of time, or both, would constitute an Event of Default (hereinafter defined).
Deficiency	Defined in <u>Section 23.04(c)</u> .
Demised Space	The land and volume of space situate in the City, County and State of New York more particularly described in <u>Exhibit A</u> hereto.
Depository	The Senior Mortgagee, or if none, a savings bank, a savings and loan association or a commercial bank or trust company which would qualify as an Institutional Lender (hereinafter defined), designated by Tenant, to serve as Depository pursuant to this Lease, provided all funds held by such Depository pursuant to this Lease shall be held in an interest bearing account or instrument held in New York City.
Design Guidelines	The Design Guidelines for the North Residential Neighborhood, dated 1994, as the same have been or may hereafter be amended, modified or supplemented.
Due Date	With respect to an Imposition (hereinafter defined), the last date on which such Imposition can be paid without any fine, penalty, interest or cost being added thereto or imposed by law for the non-payment thereof.
Environmental	All federal, state and local laws, rules and regulations, whether now

<u>Term</u>	<u>Definition/Section Reference</u>
Statutes	existing or hereafter enacted or promulgated, regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material or the protection of the environment, including, without limitation: (1) Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 <u>et seq.</u> (known as CERCLA or Superfund) as amended by the Superfund Amendments and Reauthorization Act of 1986 (known as SARA); (2) Solid Waste Disposal Act, 42 U.S.C. §6901 <u>et seq.</u> (known as SWDA) as amended by Resource Conservation and Recovery Act (known as RCRA); (3) National Environmental Policy Act, 42 U.S.C. §4321 <u>et seq.</u> (known as NEPA); (4) Toxic Substances Control Act, 15 U.S.C., §2601 <u>et seq.</u> (known as TSCA); (5) Safe Drinking Water Act, 42 U.S.C. §300(f) <u>et seq.</u> (known as Public Health Service Act, PHSA); (6) Refuse Act, 33 U.S.C. §407 <u>et seq.</u> ; (7) Clean Water Act, 33 U.S.C. §1251 <u>et seq.</u> (known as Federal Water Pollution Control Act, FWPCA); (8) Clean Air Act, 42 U.S.C. §7401 <u>et seq.</u> (known as CAA); (9) The Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §1101 <u>et seq.</u> (known as EPCRTKA); (10) the Occupational Safety and Health Act, 29 U.S.C. §651 <u>et seq.</u> (known as OSHA); and (11) the New York Environmental Conservation Law, §1-0101 <u>et seq.</u> (known as ECL).
Equipment	All fixtures incorporated in the Premises, including, without limitation (i) all machinery, dynamos, boilers, heating and lighting equipment, pumps, tanks, motors, air conditioning compressors, pipes, conduits, fittings, ventilating and communications apparatus, elevators, escalators, incinerators, garbage compactors, antennas, computers, sensors and (ii) laundry equipment and refrigerators, stoves, dishwashers and other major kitchen appliances, except in either case to the extent any of the foregoing shall be owned by Subtenants, Tenant-Stockholders (hereinafter defined), Unit Owners (hereinafter defined), concessionaires or contractors engaged in maintaining the same. " <u>Equipment</u> " shall not mean any fixture or utilities owned by any utility company.
Event of Default	Defined in <u>Section 23.01</u> .
Existing Sublease	All Space Leases, pursuant to and as such term is defined in the Commitment to Lease.
Existing Subtenant	All Subtenants, pursuant to and as such term is defined in the Commitment to Lease.

<u>Term</u>	<u>Definition/Section Reference</u>
Expiration Date	Defined in <u>Article 2</u> .
First Appraisal Date	May 25, 2025 (the twenty-fifth (25th) anniversary of the Commencement Date).
First Period	Defined in <u>Section 3.01(a)</u> .
Fiscal Year	Tenant's fiscal year, commencing on January 1 and ending on December 31.
Fourth Period	Defined in <u>Section 3.01(a)</u> .
Governmental Authority (Authorities)	The United States of America, the State of New York, New York City and any agency, department, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created, having jurisdiction over the Premises or any portion thereof.
Impositions	Defined in <u>Section 4.01</u> .
Improvement Approvals	Defined in <u>Section 12.01(a)</u> .
Indebtedness	Defined in the Master Lease.
Indemnitees	Defined in <u>Section 19.01</u> .
Institutional Lender	A savings bank; a savings and loan association; a foreign bank or a United State branch of a foreign bank; a commercial bank or trust company (whether acting individually or in a fiduciary capacity); an insurance or annuity company organized and existing under the laws of the United States or any state thereof; a real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner); a Fraternal Benefit Society; religious; educational or eleemosynary institution; a governmental agency, body or entity; an employee benefit, pension or retirement plan, trust or fund; a commercial credit corporation; an investment bank; a real estate mortgage investment conduit; a trust formed to hold one or more loans for the purposes of a securitization, a trustee or issuer of collateralized mortgage obligations or similar investment entity (a " <u>Securitization Vehicle</u> "); a commercial bank or trust company acting as trustee or fiduciary of various pension funds or other tax-exempt funds; an investment company or business development company (as defined in

Term

Definition/Section Reference

the Investment Company Act of 1940, as amended); a small business investment company licensed under the Small Business Investment Act of 1958, as amended; any broker or dealer registered under the Security Exchange Act of 1934, as amended, or any investment advisor registered under the Investment Advisor Act of 1940, as amended; any government agency; or a corporation or other entity which is owned wholly by any other Institutional Lender or a subtrustee of any such commercial bank or trust company acting as such trustee; or any combination of the foregoing; provided, that each of the above entities, or any combination of such entities, shall qualify as an Institutional Lender within the provisions of this Section only if each such entity shall (a) be subject to (i) the jurisdiction of the federal or state courts situated in the State of New York in any actions and, except in the case of an investment bank or a Securitization Vehicle (ii) the supervision of (A) the Comptroller of the Currency or the Department of Labor of the United States, the Federal Reserve Bank, the Treasury Department or any other United States regulatory agency or authority or the Federal Home Loan Bank Board or the Insurance Department or the Banking Department or the Comptroller of the State of New York, or the Board of Regents of the University of the State of New York, or the Comptroller of New York City or any successor to any of the foregoing agencies or officials, or (B) any agency or official exercising comparable functions on behalf of any other state within the United States, or (C) in the case of a commercial credit corporation, the laws and regulations of the state of its incorporation, or (D) any federal, state or municipal agency or public benefit corporation or public authority advancing or insuring mortgage loans or making payments which, in any manner, assist in the financing, development, operation and/or maintenance of improvements, and (b) have individual or combined assets with such entities, as the case may be, of not less than Five Hundred Million (\$500,000,000) Dollars; and provided further, however, that any of the above entities or any combination of such entities otherwise qualifying as an Institutional Lender under the foregoing shall still qualify as such when acting as a trustee, administrative agent or other fiduciary for other lenders, participants or investors who are not Affiliates of Tenant, whether or not such other lenders, participants or investors are themselves Institutional Lenders.

Involuntary Rate

The Prime Rate (hereinafter defined) plus two percent (2%) per annum, but in no event, in excess of the maximum permissible interest rate then in effect in the State of New York.

<u>Term</u>	<u>Definition/Section Reference</u>
Landlord	On the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter " <u>Landlord</u> " shall mean only the landlord at the time in question under this Lease.
Landlord's Civic Facilities	Defined in <u>Section 25.01(a)</u> .
Lease	This Agreement of Lease and all amendments, modifications and supplements thereof.
Lease Year	The period beginning on the Commencement Date and ending on the last day of the month in which the first anniversary of the Commencement Date occurs, and each succeeding twelve-month period or portion thereof during the Term to, but not including, the First Appraisal Date, and, following the First Appraisal Date, the twelve month period beginning on such Date and each succeeding twelve-month period or portion thereof during the Term (hereinafter defined).
Maintenance Obligations	Defined in <u>Section 25.03(a)</u> .
Master Development Plan	The 1979 Master Plan for Battery Park City Authority, prepared by Alexander Cooper Associates, dated October, 1979, as amended by the Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in the Office of the City Register, New York County in Reel 696 at Page 432, as the same may be hereafter amended, modified or supplemented in accordance with the provisions of <u>Section 40.18</u> .
Master Landlord	On the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter, " <u>Master Landlord</u> " shall mean only the lessor at the time in question under the Master Lease (hereinafter defined).
Master Lease	The Restated Amended Agreement of Lease, made as of June 10, 1980, between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant, a Memorandum of which was recorded on June 11, 1980 in the Office of the City Register, New York County in Reel 527 at page 163, as amended by First Amendment to Restated Amended Lease dated as of June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 424, Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page

<u>Term</u>	<u>Definition/Section Reference</u>
	432, Third Amendment to Restated Amended Lease dated as of August 15, 1986 and recorded on October 22, 1986 in said Register's Office in Reel 1133 at page 569, and Fourth Lease Amendment to Restated Amended Lease dated as of May 25, 1990 and recorded on May 30, 1990 in said Register's Office in Reel 1697 at page 307, as the same may be hereafter amended, modified or supplemented.
Median Parks	Defined in <u>Section 25.01(a)</u> .
Minimum Pilot	Defined in <u>Schedule 1</u> .
Mortgage	Any mortgage which constitutes a lien on Tenant's interest in this Lease and the leasehold estate created hereby for which Landlord has received the notice required by Section 10.10(a) hereof, provided such mortgage is held by (i) any Institutional Lender or any Person to whom an Institutional Lender shall have assigned such mortgage, other than (a) an Affiliate, or (b) a Person described in <u>Section 10.01(b)</u> of this Lease, or (ii) a Person formerly constituting Tenant, or such Person's assignee, if such mortgage is made to such Person in connection with an assignment by Tenant of its interest in this Lease (other than an assignment by Tenant of its interest in this Lease to an Affiliate). The term " <u>Mortgage</u> " shall not include a Unit Mortgage.
Mortgagee	The holder of a Mortgage, which shall be deemed to be the agent or administrative agent for one or more lenders if applicable. The term " <u>Mortgagee</u> " shall not include a Unit Mortgagee.
Murray Street Triangle	Defined in <u>Section 25.01(a)</u> .
New York City	The City of New York, a municipal corporation of the State of New York.
North Neighborhood Esplanade Budget	Defined in <u>Section 25.04(b)</u> .
North Neighborhood Parks Budget	Defined in <u>Section 25.04(b)</u> .
Non-Disturbance and Attornment Agreement	Defined in <u>Section 10.09</u> .

<u>Term</u>	<u>Definition/Section Reference</u>
North Neighborhood Residential Parks	Defined in <u>Section 25.01(a)</u> .
North Residential Neighborhood	That portion of the Project Area (hereinafter defined) identified in the Design Guidelines as the North Residential Neighborhood.
Operating Costs	Defined in <u>Section 25.05(a)</u> .
Parks Budget	Defined in <u>Section 25.05(b)</u> .
Payment Period	Defined in <u>Section 25.05(b)</u> .
Payments in Lieu of Taxes and PILOT	Defined in <u>Section 3.02</u> .
Person	An individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any Federal, State, County or municipal government or any bureau, department or agency thereof.
Premises	The Demised Space and Building.
Prime Rate	The prime or base rate announced as such from time to time by Citibank, N.A., or its successors, at its principal office. Any interest payable under this Lease with reference to the Prime Rate shall be adjusted on a daily basis, based upon the Prime Rate in effect at the time in question, and shall be calculated on the basis of a 360-day year with twelve months of 30 days each.
Prior Tenants	Defined in <u>Section 25.05(a)</u> .
Project Area	The premises demised pursuant to the Master Lease.
Qualifying Sublease	Defined in <u>Section 10.09</u> .
Reappraisal Date	The fifteenth (15th) anniversary of the First Appraisal Date and each subsequent fifteenth (15th) anniversary thereof through the end of the Term.
Recourse Claims	Any of the following: (i) liability for fraud, misrepresentation, breach of obligation to act in trust or as trustee, or conversion, including without limitation Tenant's misapplication of security deposits,

<u>Term</u>	<u>Definition/Section Reference</u>
	insurance proceeds or condemnation awards that may come into Tenant's control, (ii) claims for the payment of Rental accruing after an Event of Default and before any termination of this Lease by reason of actual use or occupancy of any portion of the Building by Tenant (as distinguished from its Subtenants) prior to recovery of possession by Landlord; and (iii) any liability of Tenant arising under <u>Article 19</u> of this Lease with respect to claims made by third parties only, to the extent the same would have been insured against pursuant to <u>Article 7</u> but for Tenant's default.
Rental	Defined in <u>Section 3.04</u> .
Rent Insurance	Defined in <u>Section 7.01(a)(iv)</u> .
Rent Program	Defined in <u>Section 10.04</u> .
Rent Program Date	Defined in <u>Section 10.04</u> .
Requirements	Defined in <u>Section 14.01</u> .
Residential Esplanade	Defined in <u>Section 25.04(a)</u> .
Residential Esplanade Budget	Defined in <u>Section 25.04(a)</u> .
Restoration	Defined in <u>Section 8.01</u> .
Restoration Funds	Defined in <u>Section 8.02(a)</u> .
Restore	Defined in <u>Section 8.01</u> .
Rockefeller Park	Defined in <u>Section 25.01(a)</u> .
School Building	The building known as PS/IS 89, which building is immediately adjacent to and, in part, located below the Premises.
School Casualty	Defined in <u>Section 8.08</u> .
School Insurance	Defined in <u>Section 8.09</u> .
School Lease	That certain Agreement of Lease among Landlord and School Tenant dated as of October 1, 1996, as amended from time to time.
School Premises	The School Building and the "School Land", as such term is defined in the School Lease.

<u>Term</u>	<u>Definition/Section Reference</u>
School Tenant	Collectively, the New York City Educational Construction Fund and the City of New York
Second Period	Defined in <u>Section 3.01(a)</u> .
Self-Help	Defined in <u>Section 25.04(b)</u> .
Senior Mortgagee	The Mortgagee, if more than one, which holds the Mortgage most senior in lien priority.
Settlement Agreement	The Settlement Agreement, dated as of June 6, 1980, between New York City and the Urban Development Corporation, as supplemented by Letter, dated June 9, 1980, from Richard A. Kahan to Edward I. Koch, and amended by Amendment to Settlement Agreement dated as of August 15, 1986 between New York City and Landlord, Agreement for Certain Payments dated as of June 28, 1989 between New York City and landlord, Agreement and Consent dated as of December 30, 1989 between New York City and Landlord, Amendment and Agreement and Consent Pursuant to Settlement Agreement dated as of May 18, 1990 between New York City and Landlord, Amendment and Agreement and Consent Pursuant to Settlement Agreement and Consent dated as of October 15, 1993 between New York City and Landlord, Amendment and Agreement and Consent Pursuant to Settlement Agreement dated as of April 10, 1995 between New York City and Landlord, 1996 Agreement and Consent Pursuant to Settlement Agreement dated as of October 1, 1996, and as the same may be hereafter amended, modified or supplemented in accordance with the provisions of <u>Section 42.19</u> .
Settlement Housing	Defined in <u>Section 10.04</u> .
Settlement Housing Agreement	Defined in <u>Section 10.04</u> .
Structural Restoration	Defined in <u>Section 8.08</u> .
Structural Support Easement	Defined in <u>Section 41.01</u>
Structural Supports	Defined in <u>Section 8.08</u> .
Subleases	Defined in <u>Section 10.04</u> .
Subtenants	Defined in <u>Section 10.04</u> .

<u>Term</u>	<u>Definition/Section Reference</u>
Taxes	The real property taxes assessed and levied against the Premises or any part thereof pursuant to the provisions of Title 11, Chapter 2 of the Administrative Code of The City of New York, as the same may now or hereafter be amended, or any statute or ordinance in lieu thereof in whole or in part and which would otherwise be payable if the Premises or any part thereof or the owner thereof were not exempt therefrom.
Tax Year	Each tax fiscal year of New York City.
Tenant	Tribeca North End LLC or any successor to its interest hereunder which shall in accordance with the terms of this Lease assign or transfer its interest hereunder or any portion thereof, the term " <u>Tenant</u> " shall mean only any such assignee or transferee.
Tenant-Stockholder	Any Person acquiring shares in the Apartment Corporation and the interest of lessee under the proprietary lease appurtenant to such shares.
Term	The term of this Lease as set forth in <u>Article 2</u> hereof.
Third Period	Defined in <u>Section 3.01(a)</u> .
Title Matters	Only those matters affecting title to the Demised Space set forth in <u>Exhibit B</u> hereto.
Transfer	A transaction pursuant to which any of the issued or outstanding capital stock of any corporation which, directly or indirectly, is Tenant is (voluntarily or involuntarily) sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, or the entering into of any voting trust or similar agreement with respect to such stock, or any reclassification or modification of the terms of such stock take place, or any merger or consolidation of such corporation into or with another corporation nor shall additional stock (or any warrants, options or debt securities convertible, directly or indirectly, into such stock) in any such corporation be issued if the issuance of such additional stock (or such other securities, when exercised or converted into stock) will result in a change of the controlling stock ownership of such corporation as held by the shareholders thereof as of the Commencement Date, or the voluntary or involuntary sale, assignment or transfer of any general partner's interest in a partnership which is Tenant.
UCC	Defined in <u>Section 40.01</u> .
Unavoidable Delays	(i) With respect to Tenant or its obligations hereunder, delays incurred by Tenant due to strikes, lockouts, work stoppages due to labor

Term**Definition/Section Reference**

jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Tenant is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Tenant (but not including Tenant's insolvency or financial condition), construction activities of Landlord or Master Landlord, Landlord's failure to complete Landlord's Civic Facilities in accordance with Section 25.02, a work stoppage or slow-down requested by Landlord in order not to unreasonably interfere with the work of other developers within the Project Area, which for purposes hereof shall include the construction activities of Landlord under this Lease, and (ii) with respect to Landlord or its obligations hereunder, delays incurred by Landlord due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Landlord is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Landlord (but not including Landlord's insolvency or financial condition); in each case provided such party shall have notified the other party not later than fourteen (14) days after such party knows or should have known of the occurrence of same and the occurrence shall be one of the effects of which a prudent Person in the position of the party asserting such delay could not have reasonably prevented.

Vesey Street Area Defined in Section 25.01(a).

1.02. The following additional terms shall have the respective meanings ascribed to them on Exhibit E annexed hereto and made a part hereof: Administrative Fee, Bylaws, Common Charges, Common Elements, Condominium Act, Condominium Board, Condominium Conditions, Condominium Covenants, Condominium Date, Condominium Default, Condominium Depository, Condominium Documents, Condominium Management Agreement, Condominium Plan, Declarant, Declaration, Default Costs, Default Notice, Defaulting Unit Owner, Deficiency Amounts, Department of Law, Indebtedness, Initial Unit Transfer, Landlord Default Costs, Landlord's Condominium Costs, Legal Proceedings, Managing Agent, Proportionate Rent, Purchase Option, Qualified Purchase Agreement, Qualified Unit Purchaser, Sale, Security Fund, Security Fund Amount, UCC, Unit, Unit Deed, Unit Mortgage, Unit Mortgagee, Unit Mortgagee Subordination and Recognition Agreement, Unit Owner, Unit Owner Action, Unit Obligations and Unit Owner Default.

ARTICLE 2.

PREMISES AND TERM OF LEASE

Landlord does hereby demise and sublease to Tenant, and Tenant does hereby hire and take from Landlord, the Premises, together with all easements, appurtenances and other rights and privileges now or hereafter belonging or appertaining to the Premises, subject only to the Title Matters.

TO HAVE AND TO HOLD unto Tenant, its successors and assigns, for a term of years (the "Term") commencing on the Commencement Date and expiring on the 17th day of June, 2069 or on such earlier date upon which this Lease is terminated as hereinafter provided (the "Expiration Date").

ARTICLE 3.

RENT

3.01. Base Rent.

(a) For the period beginning on the Commencement Date and continuing thereafter throughout the Term, Tenant shall pay to Landlord, without notice or demand, the annual sums referred to below (collectively, the "Base Rent"):

(i) For each of the first three (3) Lease Years (or portion thereof) listed on Schedule 1 hereto, an amount (not less than zero) equal to the amount which is the difference between (x) the Assumed Total Payment listed on Schedule 1 for such Lease Year less (y) PILOT payable hereunder for such Lease Year, it being understood that, provided PILOT does not exceed the Assumed Total Payment, the sum of Base Rent plus PILOT for the first three (3) Lease Years shall be the Assumed Total Payment amount shown on said Schedule 1.

(ii) For each Lease Year (or portion thereof) listed on Schedule 1 hereto, commencing with the fourth (4th) Lease Year through but not including the First Appraisal Date (the "First Period"), the amount set forth on Schedule 1 opposite such Lease Year (or with respect to any partial Lease Years, the portion thereof).

(iii) For each Lease Year commencing on the First Appraisal Date and continuing for a period of fifteen (15) Lease Years thereafter (the "Second Period"), an amount per annum equal to the Base Rent Floor determined as of the First Appraisal Date, as escalated in accordance with the next succeeding sentence. Base Rent for the Second Period shall escalate on May 25, 2030 and May 25, 2035 by the greater of (x) fifteen percent (15%) of the Base Rent set for the prior five (5) Lease Years or (y) the percentage of increase, if any, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five (5) Lease Year period (i.e., May 25, 2025 and May 25, 2030, respectively).

(iv) For each Lease Year commencing on May 25, 2040 and continuing for a period of fifteen (15) Lease Years thereafter (the "Third Period"), an amount per annum equal to the Base Rent Floor determined as of the first day of the Third Period, as escalated in accordance with the next succeeding sentence. Base Rent for the Third Period shall escalate on May 25, 2045 and May 25, 2050 by the greater of (x) fifteen percent (15%) of the Base Rent set for the prior five (5) Lease Years or (y) the percentage of increase, if any, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five (5) Lease Year period (i.e., May 25, 2045 and May 25, 2050 respectively).

(v) For each Lease Year commencing on May 25, 2055 and continuing thereafter until the Expiration Date (the "Fourth Period"), an amount per annum equal to the Base Rent Floor determined as of the first day of the Fourth Period, as escalated in accordance with the next succeeding sentence. Base Rent for the Fourth Period shall escalate on May 25, 2060 and May 25, 2065 by the greater of (x) fifteen percent (15%) of the Base Rent set for the prior five (5) Lease Years or (y) the percentage of increase, if any, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five (5) Lease Year period (i.e., May 25, 2060 and May 25, 2065 respectively).

(b) The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month

thereafter during the Term. The Base Rent shall be payable in currency which at the time of payment is legal tender for public and private debts in the United States of America, and shall be payable at the office of Landlord set forth above or at such other place as Landlord shall direct by notice to Tenant. The Base Rent due for any Lease Year containing less than twelve (12) months, and any installment of the Base Rent due for any period of less than a full month, shall be appropriately apportioned.

(c) For the purposes of calculating Base Rent for the Second Period, Third Period and Fourth Period, the fair market value of the Demised Space shall be determined as of the First Appraisal Date and each successive Reappraisal Date, as the case may be. Such determination of fair market value shall be made by appraisal in the manner provided in Section 3.05 hereof, unless at least twelve months prior to the First Appraisal Date or any Reappraisal Date, Landlord and Tenant shall have agreed upon such fair market value.

3.02. Payments in Lieu of Taxes.

(a) For each Tax Year or portion thereof within the Term, Tenant shall pay to Landlord, without notice or demand, an annual sum (each such sum being hereinafter referred to as a "Payment in Lieu of Taxes" or "PILOT") equal to the greater of (x) actual Taxes for such Tax Year or (y) the Minimum PILOT set forth on Schedule 1 annexed hereto, payable in equal semi-annual installments during such Tax Year, in advance on the first day of each January and July. PILOT due for any period of less than six months shall be appropriately apportioned. PILOT for the semi-annual period in which the first day of the Second Period occurs shall be paid on the first day of the Second Period.

(b) Within ten (10) days after the date on which the City Council of New York City (or any successor governmental agency) shall fix the tax rate applicable to real property comparable to the Premises and situated in the Borough of Manhattan for any Tax Year from and after the commencement of the Second Period, Tenant shall advise Landlord of its calculation of the PILOT for the forthcoming Tax Year, pursuant to Section 3.02(c) hereof. In the event that the City Council (or any successor governmental agency) shall not have fixed the tax rate for any Tax Year on or before the fifteenth day of the final month of the immediately preceding Tax Year and, therefore, Tenant shall be unable to calculate the PILOT for such Tax Year prior to the commencement of such Tax Year, Tenant shall pay semi-annually, as estimated PILOT, an amount equal to the amount required to be paid under this Article on account of PILOT for the second half of the preceding Tax Year. Within ten (10) days after the date on which the City Council shall fix the tax rate, Tenant shall pay to Landlord the amount ("Corrected PILOT"), if any, by which PILOT properly payable for the portion of such Tax Year in respect of which Tenant previously paid estimated PILOT exceeds the amount of such estimated PILOT. In the event that the amount of such estimated PILOT

shall exceed the amount of PILOT properly payable for the portion of such estimated PILOT, Tenant may credit such excess against (and deduct such excess from) future semi-annual payments of PILOT during such Tax Year. Within sixty (60) days after the date on which Tenant shall have advised Landlord of its calculation of Corrected PILOT for a given Tax Year, Landlord shall advise Tenant as to whether Landlord agrees with Tenant's calculation. If Landlord shall advise Tenant that Landlord agrees with Tenant's calculation or if Landlord shall fail to advise Tenant of its determination within such sixty (60) day period, Tenant's calculation shall be the basis for PILOT for that Tax Year provided that the tax rate and any other such calculation does not change. If Landlord shall advise Tenant that it disagrees with Tenant's calculation, Tenant shall revise its calculation in accordance with Landlord's calculation, and Landlord's calculation shall be the basis for PILOT for that Tax Year, unless within ten (10) days after Landlord's advice to Tenant, Tenant shall notify Landlord of its disagreement with Landlord's calculation in which event Tenant shall pay PILOT in accordance with Landlord's calculation pending resolution of the dispute.

(c) Tenant shall continue to pay the full amount of PILOT required under this Section 3.02, notwithstanding that Tenant may have instituted tax assessment reduction or other actions or proceedings pursuant to Section 4.06 hereof to reduce the assessed valuation of the Premises or any portion thereof. If any such tax reduction or other action or proceeding shall result in a final determination in Tenant's favor, (i) Tenant shall be entitled to a credit against future PILOT to the extent, if any, that the PILOT previously paid for the Tax Year for which such final determination was made exceeds the PILOT as so determined; (ii) if such final determination is made for the then current Tax Year, future payments of PILOT for said Tax Year shall be based on the PILOT as so determined. If, at the time Tenant is entitled to receive such a credit, the City of New York is paying interest on refunds of Taxes, Tenant's credit shall include interest at the rate then being paid by the City of New York. In no event, however, shall Tenant be entitled to any refund of any such excess from Landlord.

3.03. Civic Facilities Payment. Tenant shall pay to Landlord the Civic Facilities Payment in accordance with the provisions of Section 25.04.

3.04. Rental Generally. All amounts required to be paid by Tenant pursuant to this Lease, including, without limitation, Base Rent, PILOT, Impositions and Civic Facilities Payments, (collectively, "Rental"), shall constitute rent under this Lease and shall be payable in the same manner as Base Rent. Rental shall be absolutely net to Landlord without any abatement, deduction, counterclaim, set-off or offset whatsoever except as specifically set forth in this Lease, so that this Lease shall yield, net, to Landlord, Rental in each year during the Term and that Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises (except Taxes, if any and the cost of constructing and maintaining Landlord's Civic Facilities) which may arise or become due or payable during or after (but attributable to a period falling within) the Term.

3.05. Fair Market Value and Assessed Value.

(a) Each determination of fair market value of the Demised Space referred to in Section 3.01(a)(iii)-(v) shall be made in accordance with the procedures set forth in Article XVII of the Master Lease. Landlord shall and shall cause Master Landlord to permit Tenant and Tenant's representatives (including its Mortgagee or Mortgagees, if any) and witnesses, at Tenant's cost and expense, to participate in such procedures. Landlord, as tenant under the Master Lease, shall appoint as its appraiser under the Master Lease an appraiser designated by Tenant provided that the appraiser so designated is qualified to act as such pursuant to the terms of the Master Lease, and Tenant shall pay the fees and expenses payable by Landlord as such tenant in respect of the Premises pursuant to Section 17.02 of the Master Lease.

(b) In the event that New York City shall, for any reason, fail to determine the assessed value of the Premises for any Tax Year during the Term, such assessed value shall be determined in accordance with the procedures set forth in Article XVII of the Master Lease, provided that, in making such determination, the appraisers shall take into consideration the equalization rates then applicable to comparable properties situated in the Borough of Manhattan, as well as any limitations on increases in assessed value for such comparable properties prescribed by applicable law. Tenant shall have the same right to participate in such procedures, and to appoint an appraiser, as set forth in Section 3.05(a).

ARTICLE 4.

IMPOSITIONS

4.01. Payment of Impositions. Tenant shall pay, as hereinafter provided, all of the following items (collectively, "Impositions") imposed by any Governmental Authority (other than a Governmental Authority acting solely in its capacity as a party in the chain of title (i.e., Master Landlord or Landlord) and not as a Governmental Authority) which at any time during the Term are, or, if the Premises or any part thereof or the owner thereof were not exempt therefrom, would have been (1) assessed, levied, confirmed, imposed upon or would have become due and payable out of or in respect of, or would have been charged with respect to, the Premises or any document to which Tenant is a party creating or transferring an interest or estate in the Premises, or the use and occupancy thereof by Tenant and (2) encumbrances or liens on (i) the Premises, or (ii) the sidewalks or streets in front of or adjoining the Premises, or (iii) any vault (other than a vault in respect of which a utility company is obligated to pay any charge specified above or which is exempt from any such charge by reason of use thereof by any such utility company), passageway or space in, over or under such sidewalk or street, or (iv) any other appurtenances of the Premises, or (v) any personal property (except personal property which is

not owned by or leased to Tenant), Equipment or other facility used in the operation thereof, or (vi) the Rental (or any portion thereof) payable by Tenant hereunder: (a) real property assessments (not including Taxes), (b) personal property taxes, (c) occupancy and rent taxes, (d) water, water meter and sewer rents, rates and charges, (e) excises, (f) levies, (g) license and permit fees, (h) service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any, (i) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto and (j) except for Taxes, any and all other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, including, without limitation, any tax (including transfer taxes) attributable to the execution, delivery or recording of this Lease, and any interest or costs with respect thereto, each such Imposition, or installment thereof, during the Term to be paid not later than the Due Date thereof. However, if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, together with applicable interest, if any, provided that all such installment payments together with applicable interest, if any, relating to periods prior to the date definitely fixed in Article 2 hereof for the expiration of the Term shall be made prior to the Expiration Date. Tenant shall promptly notify Landlord if Tenant shall have elected to pay any such Imposition in installments.

4.02. Receipts. Tenant, from time to time upon request of Landlord, shall promptly furnish to Landlord official receipts of the appropriate imposing authority, or other evidence reasonably satisfactory to Landlord, evidencing the payment of Impositions.

4.03. Taxes. If the Premises shall at any time become subject to Taxes, Landlord shall pay the Taxes on or before the due date thereof. In no event shall Tenant be obligated to pay Taxes. Landlord shall have the right to contest the imposition of Taxes, and pending such contest, if permitted by applicable law, Landlord shall not be required to pay the Taxes being so contested, unless failure to pay same shall result in the imminent loss or forfeiture of the Premises or the termination of Tenant's interest under this Lease to Landlord or to a Mortgagee or Tenant would by reason thereof be subject to any civil or criminal penalty or liability. If Landlord shall exercise its right to contest the imposition of Taxes, Landlord shall promptly notify Tenant of such contest, and, at Tenant's request, shall deliver to Tenant copies of all applications, protest and other documents submitted by Landlord to any Governmental Authority. Landlord shall not, without the consent of Tenant and the Senior Mortgagee, enter into a settlement of any such contest if such settlement would increase the amount of PILOT payable by Tenant under this Lease. If Landlord shall have failed to pay the Taxes as required hereunder and shall not have timely commenced a proceeding to contest same, or shall have timely commenced a proceeding to contest the Taxes but failure to pay the Taxes during the pendency of such proceeding will result in the imminent loss or forfeiture of the Premises to Landlord or to a Mortgagee or the termination of Tenant's interest under this Lease or Tenant would by reason thereof be subject to any civil or criminal penalty or liability, then Tenant may

pay such unpaid Taxes together with any interest or penalties thereon and deduct such payment from the next installment of PILOT (and, to the extent, if any, that such payment shall exceed the next installment of PILOT, from the next installment(s) of Base Rent) together with interest thereon at the Involuntary Rate.

Nothing herein contained shall require Tenant to pay municipal, state or federal income, gross receipts, inheritance, estate, succession, profit or capital gains taxes of Landlord, or any corporate franchise tax imposed upon Landlord or any transfer or gains tax imposed on Landlord.

4.04. Partial Periods. Any Imposition relating to a period a part of which is included within the period of time commencing on or after the Commencement Date and a part of which is included in a period of time before the Commencement Date or after the date definitely fixed in Article 2 hereof for the expiration of the Term (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable, during the Term) shall be apportioned between Landlord and Tenant as of the Commencement Date or such date definitely fixed for the expiration of the Term, as the case may be, so that Tenant shall pay only that portion of such Imposition which that part of such fiscal period included in the period of time commencing on or after the Commencement Date or occurring before such date definitely fixed in Article 2 for the expiration of the Term bears to such fiscal period, and Landlord shall pay the remainder thereof. No such apportionment of Impositions shall be made if this Lease is terminated prior to the Expiration Date as the result of an Event of Default.

4.05. Imposition Contests. Tenant shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, in which event, notwithstanding the provisions of Section 4.01 hereof, payment of such Imposition shall be postponed if, and only as long as: (i) neither the Premises nor any part thereof, or interest therein or any income therefrom (except to the extent covered by security deposited in accordance with this Section 4.05) or any other assets of or funds appropriated to Landlord would by reason of such postponement or deferment, be, in the reasonable judgment of Landlord, in imminent danger of being forfeited or lost or subject to any lien, encumbrance or charge, and neither Landlord nor Tenant would by reason thereof be subject to any civil or criminal liability; and (ii) if the amount of the contested Imposition is at least \$250,000 (such amount to be adjusted on the fifth anniversary of the Commencement Date and on each fifth (5th) anniversary of the date on which an adjustment is made by adding to \$250,000 an amount equal to the product of (x) \$250,000 and (y) the percent of increase, if any, in the Consumer Price Index for the month in which the applicable anniversary date occurs over the Consumer Price Index for the month in which the Commencement Date occurs), Tenant shall have deposited with Depository, cash or other security reasonably satisfactory to Landlord in the amount so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings.

Upon the termination of such proceedings, it shall be the obligation of Tenant to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorneys' fees and disbursements), interest, penalties or other liabilities in connection therewith, and upon such payment, Depository shall return, with interest, if any, any amount deposited with it as aforesaid, provided, however, that Depository at Tenant's request or upon Tenant's failure to do so in a timely manner, at Landlord's request, shall disburse said moneys on deposit with it directly to the Governmental Authority to whom such Imposition is payable and any remaining monies, with interest, if any, shall be returned promptly to Tenant. If, at any time during the continuance of such proceedings, Landlord shall, in its reasonable opinion, deem insufficient the amount deposited as aforesaid, Tenant, within fifteen (15) days after demand, shall make an additional deposit of such additional sums or other acceptable security as Landlord may request, and upon failure of Tenant to do so, the amount theretofore deposited may be applied at the request of Landlord to the payment, removal and discharge of such Imposition and the interest and penalties in connection therewith and any costs, fees (including attorneys' fees and disbursements) or other liability accruing in any such proceedings, and the balance, if any, with any interest earned thereon, shall be returned to Tenant or the deficiency, if any, shall be paid by Tenant to Landlord within ten (10) days after demand.

4.06. Assessment Reductions. Tenant shall have the right to seek a reduction in the valuation of the Premises assessed for Taxes and to prosecute any action or proceeding in connection therewith, provided that no such action or proceeding shall postpone Tenant's obligation to pay any Imposition except in accordance with the provisions of Section 4.05 hereof. Except to the extent provided in Sections 3.02 and 4.03 hereof, no such action or proceeding shall affect Tenant's obligation to pay any installment of PILOT.

4.07. Landlord Involvement. Landlord shall not be required to join in any proceedings referred to in Section 4.05 or 4.06 hereof unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Landlord for any and all costs or expenses which Landlord may reasonably sustain or incur in connection with any such proceedings, including reasonable attorneys' fees and disbursements. If the provisions of such law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Master Landlord, Landlord shall cause Master Landlord to join and cooperate in such proceedings or permit the same to be brought in the name of Master Landlord, provided Master Landlord shall not be liable for the payment of any costs or expenses in connection with any such proceedings and if Landlord and Master Landlord shall be different Persons, Tenant shall reimburse Master Landlord for any and all costs and expenses which Master Landlord may reasonably sustain or incur in connection with any such proceedings, including reasonable attorneys' fees and disbursements. In the event Tenant shall institute a proceeding referred to in

Section 4.05 or 4.06 hereof and no law, rule or regulation in effect at the time requires that such proceeding be brought by and/or in the name of Landlord, Landlord, nevertheless, shall, at Tenant's cost and subject to the reimbursement provisions hereinabove set forth, cooperate with Tenant in such proceeding and shall cause Master Landlord to so cooperate.

4.08. Evidence of Non-Payment. Any certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition asserting non-payment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice or bill, at the time or date stated therein.

ARTICLE 5.

DEPOSITS FOR IMPOSITIONS

5.01. Escrow of Impositions.

(a) In order to assure the payment of all Impositions, Tenant, upon the demand of Landlord at any time after the occurrence of an Event of Default hereunder that arises from Tenant's failure to comply with the provisions of Article 4, shall deposit with Depository on the first day of each month during the Term, an amount equal to one-twelfth (1/12th) of the annual Impositions then in effect.

(b) If at any time the monies so deposited by Tenant shall be insufficient to pay the next installment of Impositions then due, Tenant shall after demand therefor by Landlord deposit the amount of the insufficiency with Depository to enable Depository to pay the next installment of Impositions at least thirty (30) days prior to the Due Date thereof.

(c) Depository shall hold the deposited monies in a special account for the purpose of paying the charges for which such amounts have been deposited as they become due, and Depository shall apply the deposited monies for such purpose not later than the Due Date for such charges.

(d) If at any time the amount of any Imposition is increased or Landlord receives information from the entity or entities imposing such Imposition that an Imposition will be increased and the monthly deposits then being made by Tenant under this Section 5.01 would be insufficient to pay such Imposition thirty (30) days prior to the Due Date thereof, then upon notice from Landlord to Tenant of such fact, the monthly deposits shall thereupon be increased and Tenant shall deposit immediately with Depository sufficient monies for the payment of the increased Imposition. Thereafter, the monthly payments shall be adjusted so that Depository shall receive from Tenant

sufficient monies to pay each Imposition at least thirty (30) days prior to the Due Date of such Imposition.

(e) For the purpose of determining whether Depository has on hand sufficient monies to pay any particular Imposition at least thirty (30) days prior to the Due Date thereof, deposits for each category of Imposition shall be treated separately. Depository shall not be obligated to use monies deposited for the payment of an Imposition not yet due and payable for the payment of an Imposition that is due and payable.

(f) Notwithstanding the foregoing, (i) deposited monies may be held by Depository in a single bank account, and (ii) Depository shall, at Landlord's option and direction and if Tenant shall fail to make any payment or perform any obligation required under this Lease, use any monies deposited pursuant to Article 4 or 5 for the payment of any Rental.

(g) If this Lease shall be terminated by reason of any Event of Default or if dispossession occurs pursuant to Section 24.03(b), all deposited monies under this Article 5 then held by Depository shall be paid to and applied by Landlord in payment of any and all sums due under this Lease and Tenant shall promptly pay the resulting deficiency.

(h) Any interest paid on monies deposited pursuant to this Article 5 shall be applied pursuant to the foregoing provisions against amounts thereafter becoming due and payable by Tenant.

(i) Anything in this Article 5 to the contrary notwithstanding, if the Event of Default which gave rise to Landlord having demanded that Tenant make deposits under this Section 5.01 shall have been cured by Tenant and for a period of six (6) consecutive months following such cure no Event of Default shall have occurred that arises from Tenant's failure to comply with the provisions of Article 4 of this Lease, then, at any time after the expiration of such six (6) month period, upon the demand of Tenant, provided that no Event of Default shall have occurred under Article 4 of this Lease, all monies deposited under this Article 5 then held by Depository, with the interest, if any, accrued thereon, shall be returned to Tenant and Tenant shall not be required to make further deposits under this Article 5 unless and until there shall occur a subsequent Event of Default and Landlord shall make demand upon Tenant to make deposits for Impositions.

(j) In the event that a Mortgagee (provided such Mortgagee be an Institutional Lender) shall require Tenant to deposit funds to insure payment of Impositions, any amount so deposited by Tenant with such Mortgagee shall be credited

against the amount, if any, which Tenant would otherwise be required to deposit under this Article 5.

5.02. Transfer of Premises. If Landlord ceases to have any interest in the Premises, Landlord shall transfer to the Person who acquires such interest in the Premises, all of Landlord's rights with respect to the deposits made pursuant to Section 5.01. Upon such transfer and notice thereof to Tenant, the transferor shall be released from all liability with respect thereto, such transferee shall be deemed to have assumed from and after the date of such transfer all of Landlord's obligations with respect to such deposits and Tenant shall look solely to the transferee with respect thereto. The provisions hereof shall apply to each successive transfer of the deposits.

5.03. No Landlord Liability. Landlord shall have no liability to Tenant arising out of, or related to, any acts or omissions of Depository.

ARTICLE 6.

LATE CHARGES

In the event that any payment of Rental shall not be received on or before the tenth (10th) day after the due date thereof (or if no such date is set forth in this Lease, then such due date for purposes of this Article 6 shall be deemed to be the date upon which demand therefor is made), then, in addition to any reasonable costs and expenses incurred by Landlord in connection therewith (including, without limitation, reasonable attorneys' fees and disbursements), interest on the sums so overdue equal to the Involuntary Rate, for the period from the due date to the date of actual payment, shall become due and payable to Landlord as Rental to be paid under this Lease. Said interest shall be payable by Tenant within ten (10) days after demand. No failure by Landlord to insist upon the strict performance by Tenant of its obligations to pay said interest shall constitute a waiver by Landlord of its right to enforce the provisions of this Article 6 in any instance thereafter occurring. The provisions of this Article 6 shall not be construed in any way to extend the grace periods or notice periods provided for in Article 23.

ARTICLE 7.

INSURANCE

7.01. Insurance Requirements.

(a) Tenant shall, at all times thereafter throughout the Term:

(i) keep or cause to be kept the Building insured under an "All Risk of Physical Loss" form of policy, including, without limitation, coverage for loss or damage by water, flood, subsidence and earthquake (excluding, at Tenant's option, from such coverage normal settling only) and, when and to the extent obtainable from the United States government or any agency thereof, war risks; such insurance to be written on an "Agreed Amount" basis, with full replacement cost, with the replacement value of the Building to be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years, provided, however, in the event Tenant's leasehold estate in the Premises shall be submitted to condominium ownership, such determination shall be made on an annual basis, it being agreed that no omission on the part of Landlord to request any such determination shall relieve Tenant of its obligation to determine the replacement value thereof (in the absence of such valuation, the FM (Factory Mutual) or IRI (Industrial Risk Insurers) Indices will be applied);

(ii) provide and keep in force commercial general liability insurance against liability for bodily injury, death and property damage, it being agreed that such insurance shall (A) be in an amount as may from time to time is reasonably required by Landlord upon not less than thirty (30) days' prior written notice, but not less than Twenty-five Million Dollars (\$25,000,000) combined single limit inclusive of primary, umbrella and following form excess policies for liability for bodily injury, death and property damage, (B) include the Premises and all streets, alleys and sidewalks adjoining or appurtenant to the Premises, (C) provide blanket automatic contractual insurance covering the indemnification provisions assumed by Tenant hereunder, including bodily injury to employees or others assumed by Tenant under contract, which insurance shall cover all costs, expenses and/or liability (including, without limitation, attorneys' fees and disbursements) arising out of or based upon any and all claims, accidents, injuries and damages mentioned in Article 18 and required to be insured against hereunder, and (D) include the following protections:

- (1) Broad form liability endorsement, including (a) blanket contractual liability, (b) personal injury and advertising injury liability, (c) premises medical payments, (d) host liquor liability, (e) fire legal liability on real

property, (f) broad form property damage liability, including completed operations, (g) incidental medical malpractice, (h) non-owned watercraft liability, (i) limited world-wide coverage, (j) additional interests insured, (k) extended bodily injury coverage, and (l) automatic coverage on newly-acquired organizations;

(2) Products and completed operations;

(3) Independent contractors;

(4) Blanket automatic contractual liability to include bodily injury to employees of others assumed by Tenant; and

(5) Water damage legal liability;

(iii) provide and keep in force workers' compensation insurance providing statutory New York State benefits for all persons employed by Tenant at or in connection with the Premises and employer's liability insurance in an amount not less than that required by New York State law;

(iv) provide and keep in force on an "Agreed Amount" basis rent insurance on an "All Risk of Physical Loss" basis in an amount equal to not less than one (1) year's current Base Rent, PILOT and Civic Facilities Payment ("Rent Insurance");

(v) if a sprinkler system shall be located in any portion of the Building, provide and keep in force sprinkler leakage insurance in amounts approved by Landlord, which approval shall not be unreasonably withheld (the foregoing to be required only if same is excluded from the insurance required to be provided and kept in force pursuant to Section 7.01(a)(i));

(vi) provide and keep in force boiler and machinery insurance in an amount as may from time to time be reasonably determined by Landlord but not less than Ten Million Dollars (\$10,000,000) per accident on a combined basis covering direct property loss and loss of income and covering all steam, mechanical and electrical equipment, including without limitation, all boilers, unfired pressure vessels, air conditioning equipment, elevators, piping and wiring;

(vii) provide and keep in force automobile liability insurance for all owned, non-owned, leased, rented and/or hired vehicles insuring against liability for bodily injury and death and for property damage in an amount as may from time to time be reasonably determined by Landlord but not less than Five Million Dollars (\$5,000,000) combined single limit; and

(viii) provide and keep in force such other insurance in such amounts as may from time to time be reasonably required by Landlord against such other insurable hazards as at the time are commonly insured against by prudent owners of like buildings and improvements.

(b) All insurance provided by Tenant as required by Section 7.01(a) (except the insurance under Section 7.01(a)(iii)) shall name Tenant as named insured and Landlord and Master Landlord as additional insureds to the extent, where applicable, of their respective insurable interests in the Premises and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain. (Landlord and Master Landlord's coverage shall be in excess of any coverage provided in favor of Landlord or Master Landlord by Tenant.)

(c) Notwithstanding anything to the contrary set forth in this Section 7.01, whenever Tenant shall be required to carry insurance under this Section 7.01, Tenant shall not be required to carry insurance in any greater amounts or against any additional hazards than at the time are commonly carried by prudent owners of like buildings and improvements, in the Borough of Manhattan, provided that if Tenant shall seek to obtain types and amounts of coverage that are different from or less than the types or amounts specifically required hereunder, Tenant shall demonstrate that such coverage is not available at commercially reasonable premiums from insurers permitted under this Lease, or that existing coverage is no longer reasonably required. Any dispute as to the amounts of additional insurance to be carried, or the additional kinds of hazards to be insured against, shall be resolved by arbitration pursuant to Article 35.

7.02. Payment of Insurance Proceeds.

(a) The loss under all policies required by any provision of this Lease insuring against damage to the Building by fire or other casualty shall be payable to Depository, except that amounts of One Million Dollars (\$1,000,000) or less shall be payable in trust directly to Tenant for application to the cost of Restoration in accordance with Article 8 hereof. Such amount shall be adjusted on the fifth (5th) anniversary of the Commencement Date and on each fifth (5th) anniversary of the date on which an adjustment is made pursuant to this Section 7.02(a) by adding to \$1,000,000 an amount

equal to the product of (x) \$1,000,000 and (y) the percent of increase, if any, in the Consumer Price Index for the month in which the applicable anniversary date occurs over the Consumer Price Index for the month in which the Commencement Date occurs. Any dispute as to the calculation of such adjustment shall be determined by arbitration pursuant to Article 35. Rent Insurance shall be carried in favor of Landlord and Tenant, but the proceeds thereof to the extent required by Landlord pursuant to Section 7.01(a)(iv) shall be paid to Depository and shall be applied to the Rental payable by Tenant under this Lease until completion of such Restoration by Tenant. All insurance required by any provision of this Lease shall be in such form and shall be issued by such responsible companies authorized to do business in the State of New York as are reasonably acceptable to Landlord. Any insurance company so authorized and rated by Best's Insurance Reports (or any successor publication) as AIX or better (or the then equivalent of such rating) shall be acceptable to Landlord. All policies referred to in this Lease shall be procured, or caused to be procured, by Tenant (or if Tenant's leasehold estate in the Premises shall have been subjected to a condominium form of ownership, by the Condominium Board on behalf of the Unit Owners in accordance with the Condominium Act), at no expense to Landlord, and for periods of not less than one (1) year. Subject to Section 7.04 hereof, certificates of insurance with respect to such policies and, if requested by Landlord, copies of such policies shall be delivered to Landlord promptly upon receipt from the insurance company or companies, together with proof reasonably satisfactory to Landlord that the then current installment of the premiums thereon has been paid, provided, that Landlord shall not, by reason of custody of such policies, be deemed to have knowledge of the contents thereof. Certificates of insurance with respect to new or renewal policies replacing any policies expiring during the Term and, if requested by Landlord, copies of such policies, shall be delivered as aforesaid at least ten (10) days before the date of expiration, together with proof that the then current installment of the premiums thereon have been paid. Premiums on policies shall not be financed in any manner whereby the lender, on default or otherwise, shall have the right or privilege of surrendering or canceling the policies or reducing the amount of loss payable thereunder, provided, however, that premiums may be paid in installments.

(b) Tenant and Landlord shall cooperate in connection with the collection of any insurance moneys that may be due in the event of loss and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments as may be required for the purpose of obtaining the recovery of any such insurance moneys. If Landlord shall reasonably determine that in order to protect its interests it requires the assistance of independent consultants then Tenant shall promptly reimburse Landlord solely out of the proceeds of the moneys collected for any and all reasonable costs or expenses which Landlord may sustain or incur in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements.

(c) Tenant shall not carry separate insurance concurrent in form or contributing in the event of loss with that required by this Lease to be furnished by Tenant, unless Landlord and Master Landlord are included therein as named insureds and each Mortgagee as an additional insured with loss payable as provided in this Lease. Tenant promptly shall notify Landlord of the carrying of any such separate insurance and shall cause certificates of insurance with respect thereto, and, if requested by Landlord, copies of such policies to be delivered as required in this Lease.

(d) All property insurance policies as required by this Lease shall provide in substance that all adjustments for claims with the insurers in excess of One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)) shall be made with Landlord, Tenant and any Mortgagee named as additional insured. Any adjustments for claims with the insurers involving sums of less than One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)) shall be made with Tenant. Any dispute between Landlord and Tenant respecting any such adjustment shall be subject to arbitration in accordance with Article 35 of this Lease.

(e) All Rent Insurance shall provide in substance that all adjustments for claims with the insurers in excess of the amount of such insurance required by Landlord shall be made with Landlord and Tenant. Any dispute between Landlord and Tenant respecting any such adjustment shall be subject to arbitration in accordance with Article 35 of this Lease.

(f) Tenant shall not violate or permit to be violated any of the conditions or provisions of any insurance policy required hereunder, and Tenant shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing, reasonably acceptable to Landlord in accordance with the provisions of Section 7.01(a), shall be willing to write and continue such insurance.

(g) Each policy of insurance required to be obtained by Tenant as herein provided shall contain to the extent obtainable and whether or not an additional premium shall be payable in connection therewith (i) a provision that no act or omission or negligence of Tenant or any other named insured or violation of warranties, declarations or conditions by Tenant or any other named insured shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) an agreement by the insurer that such policy shall not be canceled or modified without at least thirty (30) days' prior written notice to Landlord and each Mortgagee, (iii) an agreement that the coverage afforded by the insurance policy shall not be affected by the performance of any work in or about the Building or the occupation or use of the Premises by Tenant or any Subtenant for purposes more hazardous than those permitted by the terms of such policy, (iv) a waiver by the insurer of any claim for insurance

premiums against Landlord or any named insured other than Tenant, and (v) a waiver of subrogation by the insurers of any right to recover the amount of any loss resulting from the negligence of Tenant, Landlord, their agents, employees or licensees.

(h) All liability insurance required to be provided and kept in force by Tenant under this Lease shall be written on an "Occurrence" basis, provided, however, that if (i) a basis other than such "Occurrence" basis shall be generally adopted throughout the insurance industry and (ii) such other basis shall be accepted by most prudent owners of like buildings and improvements, then Tenant may provide and keep in force liability insurance written on such other basis.

7.03. Escrow of Insurance Premiums.

(a) Tenant, on the demand of Landlord after the occurrence of an Event of Default hereunder that arises from Tenant's failure to comply with the provisions of this Article 7, shall deposit with Depository on the first day of each month during the Term, an amount equal to one-twelfth (1/12th) of the annual insurance premiums required to be carried by Tenant hereunder, as estimated by Landlord, unless such insurance premiums are deposited with a Mortgagee (provided such Mortgagee be an Institutional Lender). If at any time the insurance premiums shall be increased or Landlord receives information that the insurance premiums will be increased, and the monthly deposits being paid by Tenant under this Section 7.03(a) would be insufficient to pay such insurance premiums thirty (30) days prior to the due date, the monthly deposits shall thereupon be increased and Tenant shall, within thirty (30) days prior to the due date thereof, deposit immediately with Depository sufficient monies for the payment of the increased insurance premiums. Thereafter, the monthly deposits shall be adjusted so that Depository shall receive from Tenant sufficient monies to pay the insurance premiums at least thirty (30) days before the insurance premiums become due and payable.

(b) Anything in Section 7.03(a) to the contrary notwithstanding, if the Event of Default which gave rise to Landlord having demanded that Tenant make deposits under Section 7.03(a) shall have been cured by Tenant and for a period of six (6) consecutive months following such cure no Event of Default shall have occurred that arises from Tenant's failure to comply with the provisions of this Article 7, then, at any time after the expiration of such six (6) month period, upon the demand of Tenant, provided that no Event of Default shall have occurred under this Article 7 subsequent to the expiration of such six (6) month period, all monies deposited under Section 7.03(a) then held by Depository, together with the interest, if any, accrued thereon, shall be returned to Tenant and Tenant shall not be required to make further deposits under Section 7.03(a) unless and until there shall occur a subsequent Event of Default that arises from Tenant's failure to comply with the provisions of this Article 7 and Landlord shall make demand upon Tenant to make deposits under Section 7.03(a).

7.04. Umbrella Insurance. Notwithstanding anything to the contrary herein set forth, the insurance required by this Lease, at the option of Tenant, may be effected by blanket or umbrella policies issued to Tenant covering the Premises and other properties owned or leased by Tenant and/or its Affiliates, provided that the policies otherwise comply with the provisions of this Lease and specifically allocate to the Premises the coverages required hereby, without possibility of reduction or coinsurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Lease shall be effected by any such blanket or umbrella policies, Tenant shall furnish to Landlord and to each Mortgagee certificates of insurance with respect to such policies, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Premises but not to other properties and, if requested by Landlord, copies of such policies and such schedules.

ARTICLE 8.

USE OF INSURANCE PROCEEDS

8.01. Use of Insurance Proceeds. If all or any part of the Building shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant shall give to Landlord notice thereof within seventy-two (72) hours after such casualty occurs, except that no notice shall be required if the estimated cost of repairs, alterations, restorations, replacements and rebuilding (collectively, "Restoration") shall be less than \$150,000 (as such amount shall be increased as provided in Section 7.02(a)), and Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the purpose of such Restoration, with reasonable diligence (subject to Unavoidable Delays) repair, alter, restore, replace and rebuild (collectively, "Restore") the same, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Building existing immediately prior to such occurrence, with such changes or alterations as Tenant shall elect to make, subject to Landlord's review and approval solely for conformity with the Master Development Plan and the Design Guidelines, and consistency with the design of the School Building and, in the event such Restoration is commenced prior to January 1, 2009, conformity with the Construction Documents. The Restoration shall not unreasonably interfere with the School Building as a public school and will not cause the School Building to be in violation of any applicable Requirements. Landlord in no event shall be obligated to Restore the Building or any portion thereof or to pay any of the costs or expenses thereof. If Tenant shall fail or neglect to Restore with reasonable diligence (subject to Unavoidable Delays) the Building or the portion thereof so damaged or destroyed, or having so commenced such Restoration, shall fail to complete the same with reasonable diligence (subject to Unavoidable Delays) in accordance with the terms of this Lease, or if prior to the completion of any such Restoration by Tenant, this Lease shall expire or be terminated for any reason, Landlord, upon notice to Tenant, may, but shall not be required to, complete such Restoration at Tenant's expense. Each such Restoration shall be done in accordance with the

provisions of this Lease. In any case where this Lease shall expire or be terminated prior to the completion of Restoration, Tenant shall account to Landlord for all amounts spent in connection with any Restoration which was undertaken and shall pay over to Landlord, within ten (10) days after demand, the remainder, if any, of the Restoration Funds previously received by it in respect of work required, in Landlord's reasonable judgment, to complete the Restoration. Tenant's obligations under this Section 8.01 shall survive the expiration or termination of this Lease.

8.02. Payment of Insurance Proceeds.

(a) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, 8.05, Depository shall pay over to Tenant from time to time, upon the following terms, any monies which may be received by Depository from insurance provided by Tenant (other than Rent Insurance) or cash or the proceeds of any security deposited with Depository pursuant to Section 8.05 (collectively, the "Restoration Funds"); provided, however, that Depository, before paying such moneys over to Tenant, shall be entitled to reimburse itself and Landlord therefrom to the extent, if any, of the necessary, reasonable and proper expenses (including, without limitation, reasonable attorneys' fees) paid or incurred by Depository and Landlord in the collection of such monies. Depository shall pay to Tenant, as hereinafter provided, the Restoration Funds, for the purpose of the Restoration.

(b) Within thirty (30) days after the occurrence of any casualty, Tenant shall furnish Landlord with an estimate of the cost of such Restoration, prepared by a licensed professional engineer or registered architect selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. Landlord may engage a licensed professional engineer or registered architect to prepare its own estimate of the cost of such Restoration. If there is any dispute as to the estimated cost of the Restoration, such dispute shall be resolved by arbitration in accordance with the provisions of Article 35.

(c) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, 8.05, the Restoration Funds shall be paid to Tenant in installments as the Restoration progresses, less retainage equal to ten percent (10%) of such installment until completion of fifty percent (50%) of the Restoration and five percent (5%) of each installment thereafter until completion of the Restoration, upon application to be submitted by Tenant to Depository and, for information only, to Landlord showing the cost of labor and materials purchased and delivered to the Premises for incorporation in the Restoration, or incorporated therein since the last previous application, and due and payable or paid by Tenant. If any vendor's, mechanic's, laborer's, or materialman's lien is filed against the Premises or any part thereof, or if any public improvement lien relating to the Restoration of the Premises is created or permitted to be created by Tenant and is filed against Landlord, or any assets of, or funds appropriated to, Landlord, Tenant shall not be entitled to receive any further installment until such lien is satisfied or discharged (by bonding or

otherwise). Notwithstanding the foregoing, the existence of any such lien shall not preclude Tenant from receiving any installment of Restoration Funds, provided (i) such lien will be discharged with funds from such installment or (ii) if Depository shall be holding funds for the Restoration, (x) Depository certifies that it is retaining, in addition to amounts required to be retained hereunder, an amount equal to the funds required to satisfy or discharge such lien and (y) failure to pay or discharge such lien will not result in the imminent loss or forfeiture of the Premises or the termination of Tenant's interest under this Lease and will not subject Tenant or Landlord to any civil or criminal penalty or liability.

(d) Upon completion of and payment for the Restoration by Tenant, the balance of the Restoration Fund shall, subject to the rights of any Mortgagee or Unit Mortgagee, if applicable, be paid over to Tenant.

(e) Notwithstanding the foregoing, if Landlord makes the Restoration at Tenant's expense, as provided in Section 8.01, then Depository shall pay over the Restoration Funds to Landlord, upon request, to the extent not previously paid to Tenant pursuant to this Section 8.02, and Tenant shall pay to Landlord, within ten (10) days after demand, any sums in excess of the portion of the Restoration Funds received by Landlord necessary to complete the Restoration. Upon completion of the Restoration, Landlord shall deliver to Tenant a certificate, in reasonable detail, setting forth the expenditures made by Landlord for such Restoration and shall pay to Tenant any sums in excess of expenses and costs paid by Landlord in connection with the Restoration.

8.03. Conditions to Payment. The following shall be conditions precedent to each payment made to Tenant as provided in Section 8.02 above:

(a) There shall be submitted to Depository and Landlord the certificate of the aforesaid engineer or architect approved by Landlord pursuant to Section 8.02(b) or any other architect approved by Landlord stating that (i) the sum then requested to be withdrawn either has been paid by Tenant or is due and payable to contractors, subcontractors, materialmen, engineers, architects or other Persons (whose names and addresses shall be stated) who have rendered or furnished services or materials for the work and giving a brief description of such services and materials and the principal subdivisions or categories thereof and the several amounts so paid or due to each of said Persons in respect thereof, and stating in reasonable detail the progress of the work up to the date of said certificate, (ii) no part of such expenditures has been or is being made the basis, in any previous or then pending requisition, for the withdrawal of the Restoration Funds or has been made out of the Restoration Funds previously received by Tenant, (iii) the sum then requested does not exceed the value of the services and materials described in the certificate, and (iv) the balance of the Restoration Funds held by Depository will be sufficient upon completion of the Restoration to pay for the same in full, and stating in reasonable detail an estimate of the cost of such completion; there

shall be furnished to Landlord an official search, or a certificate of a title insurance company reasonably satisfactory to Landlord, or other evidence reasonably satisfactory to Landlord, showing that there has not been filed any vendor's, mechanic's, laborer's or materialman's statutory or other similar lien affecting the Premises or any part thereof, or any public improvement lien with respect to the Premises or the Restoration created or permitted to be created by Tenant affecting Landlord, or the assets of, or funds appropriated to, Landlord, which had not been discharged of record (by bonding or otherwise) except such as will be (i) discharged upon payment of the requisite amount out of the sum then requested to be withdrawn or (ii) if Depository shall be holding funds for the Restoration, (x) Depository certifies that it is retaining, in addition to amounts required to be retained hereunder, an amount equal to the funds required to satisfy or discharge such lien and (y) failure to pay or discharge such lien will not result in the imminent loss or forfeiture of the Premises or the termination of Tenant's interest under this Lease and will not subject Tenant or Landlord to any civil or criminal penalty or liability; and

(b) at the time of making such payment, no Default in the payment of Rental, no Default as to which Landlord has actual knowledge and no other Default as to which notice has been given, shall have occurred and be continuing under this Lease.

8.04. Additional Restoration Requirements.

(a) If any loss, damage or destruction occurs, the cost of Restoration of which equals or exceeds One Million Dollars (\$1,000,000) in the aggregate, determined as provided in Section 8.02(b) (as such amount shall be increased as provided in Section 7.02(a)), Tenant shall furnish to Landlord the following:

(i) at least five (5) Business Days prior to commencement of such Restoration, complete plans and specifications for the Restoration, prepared by a licensed professional engineer or registered architect selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld, together with the approval thereof and any required permits issued by any Governmental Authority with respect to the Restoration and such plans and specifications, and, at the request of Landlord, any other drawings, information or samples which Landlord may reasonably request, all of the foregoing to be subject to Landlord's review and approval solely for substantial conformity with the Master Development Plan and the Design Guidelines, and consistency with the design of the School Building and, in the event such Restoration is commenced prior to January 1, 2009, conformity with the Construction Documents; all such plans and specifications and other materials for the Restoration shall become the sole and

absolute property of Landlord if for any reason this Lease shall be terminated;

(ii) at least ten (10) Business Days prior to commencement of such Restoration, (x) a contract or construction management agreement reasonably satisfactory to Landlord in form assignable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor or construction manager approved by Landlord, which approval shall not be unreasonably withheld, providing for the completion of the Restoration in accordance with said plans and specifications, free and clear of all liens, encumbrances, security agreements, interests and financing statements relating thereto, and (y) payment and performance bonds in forms and by sureties reasonably satisfactory to Landlord, naming the contractor as obligor and Landlord, Tenant and Mortgagee, if applicable, as obligees, each in a penal sum equal to the amount of the general construction contract for such Restoration (or, if there shall be no general contractor, Landlord may require payment and performance bonds from such subcontractors, if any, as may be designated by Landlord, each in a penal sum equal to the amount of such subcontract) or, in lieu thereof, such other security as shall be reasonably satisfactory to Landlord;

(iii) at least ten (10) Business Days prior to commencement of such Restoration, an assignment to Landlord (subject to any prior assignment to any Mortgagee) of the contract so furnished and the bonds, if any, provided thereunder, such assignment to be duly executed and acknowledged by Tenant and by its terms to be effective only upon any termination of this Lease or upon Landlord's re-entry upon the Premises following an Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all payments made on account of said contract including payments made prior to the effective date of such assignment:

(1) general liability insurance, naming contractor or construction manager as named insured and, as additional insureds, Tenant, Landlord, Master Landlord and each Mortgagee under a standard mortgagee clause, such insurance to insure against liability for bodily injury and death and for property damage in an amount not less than Twenty-Five Million Dollars (\$25,000,000) combined

single limit, such insurance to include operations-premises liability, contractor's protective liability on the operations of all subcontractors, completed operations (to be kept in force for not less than three (3) years after completion of such Restoration), broad form contractual liability (designating the indemnity provisions of the Construction Agreements and this Lease), a broad form comprehensive general liability endorsement providing blanket automatic contractual coverage including bodily injury to employees or others assumed by the insured under contract and, if the contractor is undertaking foundation, excavation or demolition work, an endorsement that such operations are covered and that the "XCU Exclusions" have been deleted;

(2) automobile liability insurance for all owned, non-owned, leased, rented and/or hired vehicles insuring against liability for bodily injury and death and for property damage in an amount not less than Five Million Dollars (\$5,000,000) combined single limit, with such coverage to be listed in the underlying schedule of any umbrella or following form excess policy for a total limit of Twenty-Five Million Dollars (\$25,000,000), such insurance to name Tenant (contractor if carried by contractor) as named insured and, as additional insureds, Landlord, Master Landlord, any general contractor or construction manager engaged by Tenant (Tenant if contractor carries such insurance) and each Mortgagee under a standard mortgage clause;

(3) workers' compensation insurance providing statutory New York State benefits for all persons employed in connection with the construction at the Premises and employer's liability insurance in an amount not less than that required by New York State law, with coverage to be listed in the underlying schedule of any umbrella or following form excess policy; and

(4) special form builder's risk insurance written on a one hundred percent (100%) of completed value (non-reporting) basis with limits as provided in Section 7.01(a)(i), naming, to the extent of their respective insurable interests in the Premises, Tenant as named insured, and, as additional insureds, Landlord, Master

Landlord, any contractor or construction manager engaged by Tenant and each Mortgagee under a standard mortgagee clause. In addition, such insurance (A) shall contain an acknowledgment by the insurance company that its rights of subrogation have been waived with respect to Landlord and Master Landlord and an endorsement stating that "permission is granted to complete and occupy", (B) if any storage location situated off the Premises is used, shall include coverage for the full insurable value of all materials and equipment on or about any such storage location intended for use with respect to the Premises, and (C) if materials, equipment, machinery or supplies to be used in connection with construction are shipped to the job site from places in the contiguous United States, the District of Columbia or Canada, the all-risk builders risk insurance will provide transit coverage.

(b) In the event the proceeds received pursuant to the foregoing insurance coverage shall exceed One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)), such proceeds shall be paid to Depository and disbursed in accordance with the provisions of Sections 8.02 and 8.03 hereof. In the event such proceeds shall be One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)) or less, such proceeds shall be payable, in trust, to Tenant for application to the cost of such Restoration.

(c) To the extent applicable, Tenant shall comply with the provisions of Section 7.02 hereof with respect to the policies required by this Section 8.04.

(d) To the extent that the insurance coverages required pursuant to this Section 8.04 duplicate those required by Article 7 hereof, Tenant shall not be required to maintain such coverages in duplicate, but in each instance the more extensive coverage shall be maintained.

(e) Notwithstanding that the cost of Restoration is less than One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)), such cost to be determined as provided in Section 8.02(b), to the extent that any portion of the Restoration involves work on the exterior of the Buildings or a change in the height, bulk or setback of the Buildings from the height, bulk or setback existing immediately prior to the damage or destruction, or in any other manner affects compliance with the Master Development Plan or the Design Guidelines or consistency with the design of the School Building then Tenant shall furnish to Landlord at least twenty (20) Business Days prior to commencement of the Restoration a complete set of plans and specifications for the Restoration, involving such work or such change,

prepared by a licensed professional engineer or registered architect approved by Landlord, which approval shall not be unreasonably withheld, and, at Landlord's request, such other items designated in Section 8.04(a)(i), all of the foregoing to be subject to Landlord's review and approval solely as provided therein.

(f) In the event Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Sections 8.04(a)(i) or 8.04(e) with respect to, or which will in any way affect, any aspect of the exterior of the Building or the height, bulk or setback of the Building or which will affect compliance with the Master Development Plan, the Design Guidelines or consistency with the design of the School Building, Tenant shall submit the proposed modifications to Landlord. Tenant shall not be required to submit to Landlord proposed modifications of the plans and specifications which affect the interior of the Building. Landlord shall review the proposed changes (other than changes to the interior of the Buildings) in accordance with the time limits set forth in the penultimate sentence of this Section 8.04(f) solely to determine whether or not they (i) conform to the Master Development Plan and the Design Guidelines, and are consistent with the design of the School Building and (ii) provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications, and shall approve such proposed changes if they do so conform and so provide. If Landlord determines that the proposed changes are not satisfactory in light of the above criteria, it shall so advise Tenant, specifying in what respect the plans and specifications, as so modified, do not conform to the Master Development Plan or the Design Guidelines or are not consistent with the design of the School Building or do not provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications. Within twenty (20) Business Days, or such longer period as Landlord in its reasonable judgment shall approve, after Landlord shall have so notified Tenant, Tenant shall revise the plans and specifications so as to meet Landlord's objections and shall deliver same to Landlord for review. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of delivery of the plans and specifications, as so revised (or one or more portions thereof), by Tenant, and if Landlord shall not have notified Tenant of its determination within such fifteen (15) Business Day period, it shall be deemed to have determined that the proposed changes are satisfactory. Landlord shall not review portions of the approved plans and specifications which Landlord has previously determined to be satisfactory, provided same have not been changed by Tenant.

(g) If the cost of any Restoration, determined as provided in Section 8.02(b), exceeds both (i) One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)) and (ii) the net insurance proceeds, then, prior to the commencement of such Restoration, Tenant shall deposit with Depository, as security for completion of the Restoration, a bond, cash or other security reasonably satisfactory to Landlord in the amount of such excess.

(h) All Construction Agreements shall include the following provision: “[contractor] [subcontractor] [materialman] hereby agrees that immediately upon the purchase by [contractor] [subcontractor] [materialman] of any building materials to be incorporated in the Building (as said term is defined in the lease pursuant to which the owner acquired a leasehold interest in the property), or of any building materials to be incorporated in improvements made thereto, such materials shall become the sole property of Battery Park City Authority, a public benefit corporation, notwithstanding that such materials have not been incorporated in, or made a part of, such Building at the time of such purchase; provided, however, that Battery Park City Authority shall not be liable in any manner for payment or otherwise to [contractor] [subcontractor] [materialman] in connection with the purchase of any such materials and Battery Park City Authority shall have no obligation to pay any compensation to [contractor] [subcontractor] [materialman] by reason of such materials becoming the sole property of Battery Park City Authority.”

8.05. No Termination or Abatement. This Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable hereunder, by reason of damage to or total, substantial or partial destruction of any of the Building or any part thereof or by reason of the untenability of the same or any part thereof, for or due to any reason or cause whatsoever, and Tenant, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender the Premises or any part thereof. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind. It is the intention of Landlord and Tenant that the foregoing is an “express agreement to the contrary” as provided in Section 227 of the Real Property Law of the State of New York.

8.06. Delivery of Plans. If, for any completed Restoration, Tenant has not theretofore delivered same to Landlord, Tenant shall deliver to Landlord, within one hundred twenty (120) days of the completion after such Restoration, a complete set of “as built” plans thereof together with a statement in writing from a registered architect or licensed professional engineer that such plans are complete and correct.

8.07. Condominium Obligations. If Tenant’s leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant’s obligations under this Article 8 shall be the obligation of the Condominium Board.

8.08. Casualty to the School Building.

(a) If (x) all or any part of the School Building shall be destroyed or damaged in whole or in part by fire or other casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (a “School Casualty”) and (y) Landlord is then the landlord under the School Lease and (z) School Tenant exercises its right to terminate the

School Lease pursuant to Section 7.08(b) of the School Lease, then in that event, Landlord shall not elect to demolish the School Building in accordance with Section 7.08(b)(i) of the School Lease and, instead, shall elect under Section 7.08(b)(ii) thereunder to cause to be performed (i) such repairs, alterations, and restorations to the School Building as may be required for the continued maintenance of the Building, including continued compliance by the Building with all Requirements and (ii) such clean-up and removal of debris as may be required in order to comply with all Requirements and insurance underwriting requirements (collectively, a "Structural Restoration"). Landlord hereby assigns and Tenant assumes the right and obligation, at Tenant's sole cost and expense, to perform the Structural Restoration upon Landlord's election pursuant to Section 7.08(b)(ii) of the School Lease. Tenant shall diligently prosecute to completion any such Structural Restoration. Any Structural Restoration performed by Tenant hereunder shall be performed in accordance with the terms of this Lease as if such work were being performed by Tenant in the Building. Landlord and Tenant shall each cooperate with each other in the performance of the Structural Restoration as well as any additional construction undertaken by or on behalf of Landlord in connection with the redevelopment of the School Land (as such term is defined in the School Lease), which the parties acknowledge may occur simultaneously with the performance of the Structural Restoration.

(b) If (x) a School Casualty shall occur, (y) Landlord is then the landlord under the School Lease and (z) the School Lease is not terminated pursuant to Section 7.08(b) of the School Lease, then Landlord shall either perform any Structural Restoration required thereby or shall cause School Tenant to perform any such Structural Restoration, in either case to the extent required under Article 7 of the School Lease. Any Structural Restoration performed or caused to be performed by Landlord shall (i) not, given the nature of the casualty and the scope of the restoration, interfere with the operation of the Building as a residential building more than is reasonably necessary under the circumstances, (ii) not cause the Building to be in violation of any applicable Requirements, and (iii) not damage the structural supports, columns and foundations located in the School Premises (as such term is defined in the School Lease) which provide structural support for the Building ("Structural Supports") or otherwise impair the structural integrity of the Building.

8.09. Insurance for Structural Restoration:

(a) The parties acknowledge that, pursuant to Section 6.02(a)(1) of the School Lease, the School Tenant presently maintains insurance coverage (the "School Insurance") which, inter alia, insures the replacement value of the Structural Supports. Landlord shall assign all insurance proceeds available from such insurance policies to Tenant for purposes of performing the Structural Restoration.

(b) In the event the School Insurance is no longer issued or maintained for any reason, then:

(i) Tenant's casualty insurance described in Section 7.01(a)(i) of this Lease shall additionally include "All Risk of Physical Loss" coverage for the full replacement value of the Structural Supports; and

(ii) Landlord shall contribute and pay one third (1/3) of the cost of the insurance obtained by Tenant pursuant to clause (i) above, which reimbursement shall be paid by Landlord to Tenant from time to time within 30 days after being billed therefor by Tenant, which bill shall include evidence of payment of said premium by Tenant.

(c) Landlord and Tenant shall cooperate in connection with the collection of any insurance monies that may be due on account of a Structural Restoration and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments as may be required for the purpose of obtaining the recovery of any such insurance moneys.

8.10. Enforcement of School Lease. For so long as Landlord is the landlord under the School Lease:

(a) Landlord shall not, without Tenant's written consent, enter into any modification of the School Lease which would (x) materially reduce (i) School Tenant's or (ii) Landlord's restoration obligations under Article 7 of the School Lease or (y) materially reduce School Tenant's insurance obligations under Article 6 of the School Lease, as such obligations exist as of the date hereof, unless in any such case, Landlord agrees in writing for the benefit of Tenant to assume any such obligation which was previously an obligation of the School Tenant or of Landlord as the landlord under the School Lease.

(b) For so long as Landlord is the landlord under the School Lease, Landlord shall take commercially reasonable measures to cause the School Tenant to maintain the School Insurance. Landlord shall from time to time deliver to Tenant copies of insurance certificates received from the School Tenant which evidence the existence of the School Insurance and shall promptly notify Tenant if it becomes aware that the School Insurance is no longer issued or maintained for any reason.

8.11. Declaration of Easements. Reference is made to the Declaration of Easements of even date herewith being made by Landlord, as landlord under the School Lease, for the benefit of Tenant and intended to be recorded concurrently with the Memorandum of this

Lease, which instrument is intended to continue the aforesaid obligations of landlord under sections 8.08 through 8.10 for the benefit of Tenant, at such time, if any, as Landlord is no longer the landlord under the School Lease.

ARTICLE 9.

CONDEMNATION

9.01. Generally.

(a) If the whole or substantially all of the Premises shall be taken (excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking, Tenant's rights under this Lease are not affected) for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among Landlord, Tenant and those authorized to exercise such right, this Lease and the Term shall terminate and expire on the date of such taking and the Rental payable by Tenant hereunder shall be equitably apportioned as of the date of such taking.

(b) The term "substantially all of the Premises" shall mean such portion of the Premises as when so taken would leave remaining a balance of the Premises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, applicable zoning laws, building regulations then existing or prevailing or the Master Development Plan, and after performance by Tenant of all covenants, agreements, terms and provisions contained herein or by law required to be observed or performed by Tenant, (i) if the Premises shall then be used for rental purposes, permit the Restoration of the Building so as to constitute a complete, rentable building capable of producing a fair and reasonable net annual income proportional to the number of square feet not so taken or (ii) if Tenant's estate in the Premises shall have been previously submitted to either a cooperative or condominium form of ownership, permit the Restoration of the Building so as to constitute an economically viable cooperative or condominium, as the case may be. If the Premises shall be used for rental purposes, the average net annual income produced by the Building during (i) the period commencing on the date that is ninety (90) days after the date of Completion of the Building and ending on the last anniversary of that date which preceded the taking, or (ii) the five (5) year period immediately preceding such taking, whichever is shorter, shall be deemed to constitute a fair and reasonable net annual income for the purpose of determining what is a fair and reasonable net annual income. If there be any dispute as to whether or not "substantially all of the Premises" has been taken, such dispute shall be resolved by arbitration in accordance with the provisions of Article 35.

(c) If the whole or substantially all of the Premises shall be taken or condemned as provided in Section 9.01(a), the award, awards or damages in respect thereof shall be apportioned as follows: (i) there shall first be paid to Landlord so much of the award which is for or attributable to the value of (A) the Demised Space so taken, considered as encumbered by this Lease and the Master Lease and as unimproved by the Building, and (B) Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) there shall next be paid to the Senior Mortgagee, or to Unit Mortgagees, if applicable, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Mortgage or such Unit Mortgages with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty (40) years from the Commencement Date, to each additional Mortgagee, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) there shall next be paid to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding (it being agreed between Landlord and Tenant that, notwithstanding anything herein contained to the contrary, for a period of forty (40) years from the Commencement Date, the value of Landlord's reversionary interest in the Buildings shall be deemed to be zero); and (v) subject to rights of any Mortgagees or Unit Mortgagees, if applicable, Tenant shall receive the balance, if any, of the award. If there be any dispute as to which portion of the award is attributable to the Demised Space and Landlord's Civic Facilities and which portion is attributable to the Building, or as to the value of Landlord's reversionary interest in the Building, such dispute shall be resolved by arbitration in accordance with the provisions of Article 35.

(d) Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

9.02. Date of Taking. For purposes of this Article 9, the "date of taking" shall be deemed to be the earlier of (i) the date on which actual possession of the whole or substantially all of the Premises, or a part thereof, as the case may be, is acquired by any lawful power or authority pursuant to the provisions of the applicable federal or New York State law or (ii) the date on which title to the Premises or the aforesaid portion thereof shall have vested in any lawful power or authority pursuant to the provisions of the applicable federal or New York State law.

9.03. Less than Substantial Taking. If less than substantially all of the Premises shall be so taken, this Lease and the Term shall continue as to the portion of the Premises remaining and not be affected thereby, except that Base Rent, PILOT and the Civic Facilities Payment shall be reduced proportionately based on the relative fair market value of the unexpired term of this Lease with respect to the portion of the Premises taken from Tenant and the fair market value of the unexpired term of this Lease with respect to the entire Premises prior to such

taking. Tenant, whether or not the award or awards, if any, shall be sufficient for the purpose shall (subject to Unavoidable Delays) proceed diligently to Restore any remaining part of the Building not so taken so that the latter shall be a complete, operable, self-contained architectural unit in good condition and repair in conformity with the Master Development Plan and the Design Guidelines and consistent with the design of the School Building and, to the extent reasonably practicable, in the event such Restoration is commenced by January 1, 2009, conformity with the Construction Documents. In the event of any taking pursuant to this Section 9.03, the entire award for or attributable to the value of the Demised Space taken, considered as unimproved and encumbered by this Lease and the Master Lease and the fair market value of Landlord's Civic Facilities in any proceeding with respect to such taking, shall be first paid to Landlord, and the balance of the award, if any, shall be paid to Depository, except that if such balance shall be less than One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)), such balance shall be payable, in trust, to Tenant (provided that if the Master Lease requires payment in trust to Landlord or a Mortgagee, such balance shall be paid as provided therein) for application to the cost of Restoration of the part of the Building not so taken. Subject to the provisions and limitations in this Article 9, Depository shall make available to Tenant as much of that portion of the award actually received and held by Depository, if any, less all necessary and proper expenses paid or incurred by Depository, the Senior Mortgagee and Landlord in the condemnation proceedings, as may be necessary to pay the cost of Restoration of the part of the Building remaining. Such Restoration shall be done in accordance with and subject to the provisions of Article 8. Payments to Tenant as aforesaid shall be disbursed in the manner and subject to the conditions set forth in Article 8. Any balance of the award held by Depository and any cash and the proceeds of any security deposited with Depository pursuant to Section 9.04 remaining after completion of the Restoration shall, subject to the rights of any Mortgagee or Unit Mortgagee, if applicable, be paid to Tenant. Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

9.04. Deposits with Depository. With respect to any Restoration required by the terms of Section 9.03, the cost of which, as determined in the manner set forth in Section 8.02(b), exceeds both (i) One Million Dollars (\$1,000,000) (as such amount shall be increased as provided in Section 7.02(a)) and (ii) the balance of the condemnation award after payment of the expenses set forth in Section 9.03, then, prior to the commencement of such Restoration, Tenant shall deposit with Depository a bond, cash or other security reasonably satisfactory to Landlord in the amount of such excess, to be held and applied by Depository in accordance with the provisions of Section 9.03, as security for the completion of the Restoration.

9.05. Temporary Takings. If the temporary use of the whole or any part of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement between Tenant and those authorized to exercise such right, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full

the Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(i) If the taking is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Depository as a fund which Depository shall apply from time to time to the payment of Rental, except that, if such taking results in changes or alterations in the Building which would necessitate an expenditure to Restore the Building to its former condition, then, a portion of such award or payment considered by Landlord, in its reasonable opinion, as appropriate to cover the expenses of the Restoration shall be retained by Depository, without application as aforesaid, and applied and paid over toward the Restoration of the Building to its former condition, substantially in the same manner and subject to the same conditions as provided in Section 9.03; and any portion of such award or payment which shall not be required pursuant to this Section 9.05 to be applied to the Restoration of the Building or to the payment of Rental until the end of the Term (or, if the taking is for a period terminating prior to the end of the Term, until the end of such period), shall be paid to Tenant; or

(ii) If the taking is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date, and Landlord's and Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Depository and applied in accordance with the provisions of this Section 9.05, provided, however, that the amount of any award or payment allowed or retained for the Restoration of the Building and not previously applied for such purpose shall remain the property of Landlord if this Lease shall expire prior to such Restoration.

9.06. Other Governmental Action. In case of any governmental action, not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall continue in full force and effect without reduction or abatement of Rental and the award shall be paid to Landlord to the extent of the amount, if any, necessary to restore any portion of Landlord's Civic Facilities to their former condition and any balance remaining shall be paid to Tenant.

9.07. Conveyance in Lieu of Condemnation. In the event of a negotiated sale of all or a portion of the Premises in lieu of condemnation, the proceeds shall be distributed as provided in cases of condemnation.

9.08. Participation. Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceeding and all hearings, trials and appeals in respect thereof.

9.09. Separate Claims. Notwithstanding anything to the contrary contained in this Article 9, in the event of any permanent or temporary taking of all or any part of the Premises, Tenant and its Subtenants shall have the exclusive right to assert claims for any trade fixtures and personal property so taken which were the property of Tenant or its Subtenants (but not including any Equipment) and for relocation expenses of Tenant or its Subtenants, and all awards and damages in respect thereof shall belong to Tenant and its Subtenants, and Landlord hereby waives any and all claims to any part thereof; provided, however, that if there shall be no separate award or allocation for such trade fixtures or personal property or relocation expenses, then such claims of Tenant and its Subtenants, or awards and damages, shall be subject and subordinate to Landlord's claims under this Article 9.

9.10. Landlord Condemnations. Landlord represents that under current law it has no power to condemn all or any part of the Premises.

ARTICLE 10.

ASSIGNMENT, SUBLETTING, MORTGAGES, ETC.

10.01. Transfers Generally.

(a) Landlord's consent shall not be required prior to any Transfer, Mortgage, assignment of Tenant's interest in this Lease or subletting of the Premises, provided (i) no Default in the payment of Rental (whether or not notice of such Default has been delivered to Tenant) and no other Default as to which notice shall have been given shall have occurred and then be continuing under this Lease, unless such Default is cured simultaneously with such Transfer, Mortgage, assignment or subletting, and (ii) Tenant shall have complied with the provisions of this Article 10. This Section 10.01(a), Section 10.01(b) (except as otherwise provided therein) and Section 10.01(c) shall not apply to an assignment or partial assignments in connection with a Cooperative Plan or Condominium Plan, which shall be governed by the provisions of Sections 10.01(e) and (f), respectively.

(b) Except as otherwise specifically provided herein, in no event shall Tenant make a Transfer, assign this Lease or any portion of its interest hereunder or

sublet the Premises as an entirety or substantially as an entirety to any Person, in which, an ownership interest, in the aggregate, of five percent (5%) or greater is then held, directly or indirectly, by any individual (i) who has ever been convicted of a felony, (ii) against whom any action or proceeding is pending to enforce rights of the State of New York or any agency, department, public authority or public benefit corporation thereof arising out of a mortgage obligation to the State of New York or to any such agency, department, public authority or public benefit corporation, or (iii) with respect to whom any notice of substantial monetary default which remains uncured has been given by the State of New York or any agency, department, public authority or any public benefit corporation thereof arising out of a mortgage obligation to the State of New York or to any such agency, department, public authority or public benefit corporation. The provisions of this Section 10.01(b) shall apply to any Person (x) purchasing from Tenant or any other Person more than fifteen percent (15%) of the Cooperative Apartments or Units or (y) subletting from Tenant or any other Person more than fifteen percent (15%) of the residential apartments, but shall not otherwise apply to any Tenant-Stockholder or Unit Owner.

(c) In each instance wherein Tenant desires to effect, and as a condition to the effectiveness thereof, an assignment or a sublease of the Premises as an entirety or substantially as an entirety, Tenant shall, not less than twenty (20) days prior to the effective date of such transaction, notify Landlord of the proposed transaction and submit to Landlord the documents and information set forth in Section 10.01(c)(i)(C), Section 10.01(c)(ii)(B) or Section 10.01(c)(iii)(B), as the case may be. Not less than five (5) Business Days prior to the proposed transaction, Tenant shall submit to Landlord the remaining documentation required by subsections (i) through (iii) below, as applicable (which documents may be unexecuted but shall, in all other respects, be in substantially final form):

(i) in the case of an assignment, (A) a copy of the proposed instrument(s) of assignment, containing, inter alia, the name, address and telephone number of the assignee, (B) a copy of the proposed instrument(s) of assumption of Tenant's obligations under this Lease by said assignee, and (C) an affidavit of the assignee or an authorized officer or general partner thereof, setting forth (x) in the case of a partnership, the names and addresses of all general partners thereof and all other partners of the assignee having a five percent (5%) or greater ownership interest in the assignee, (y) in the case of a corporation (other than a corporation whose common stock is traded over the New York Stock Exchange or the American Stock Exchange or that is registered under, and files periodic reports under, the Securities Exchange Act of 1934) the names and addresses of all persons having five percent (5%) or

greater record ownership of stock in, and all directors and officers of, the assignee;

(ii) in the case of a subletting of the Premises as an entirety or substantially as an entirety, (A) a copy of the proposed sublease, containing, inter alia, the name, address, and telephone number of the subtenant, and (B) an affidavit of the subtenant or an authorized officer or general partner thereof, setting forth the same information with respect to the partners, shareholders, officers and directors of the subtenant as is required with respect to assignees under Section 10.01(c)(i)(C); and

(iii) in the case of a Transfer, (A) a copy of each proposed document by which such Transfer is to be accomplished, and (B) an affidavit of an authorized officer or general partner of Tenant, setting forth the same information with respect to the partners, shareholders, officers and directors of Tenant as is required with respect to assignees under Section 10.01(c)(i)(C).

(d) Landlord shall within five (5) business days after receipt of all information and documentation required under Section 10.01(c), notify Tenant whether the form and substance of each such document and the information submitted establishes compliance with the provisions of this Article 10, and specifying, in the event that Landlord determines that any such documentation or any such information does not establish such compliance, the reason for such determination. If Landlord shall not have notified Tenant of such determination within such period, it shall be deemed to have determined that the documents and the information submitted establish compliance with the provisions of this Article 10. Even if Landlord has determined that the documents and information establish compliance with the provisions of this Article 10, such consent and/or determination shall be conditioned upon the delivery to Landlord of executed documents substantially the same as those previously delivered to Landlord for review.

(e) Landlord's consent shall not be required prior to any assignment by Tenant of its interest in this Lease to the Apartment Corporation pursuant to a Cooperative Plan, provided no Default in the payment of Rental (whether or not notice of such Default has been delivered to Tenant) and no other Default as to which notice shall have been given shall have occurred and be continuing hereunder, and Tenant shall have delivered to Landlord (w) a true and correct copy of such Cooperative Plan and any amendments, modifications and supplements thereto, (x) a true and correct copy of the letter of acceptance of the Cooperative Plan issued by the New York State Department of Law, (y) a true and correct copy of the letter accepting the amendment declaring the Cooperative Plan effective issued by the New York State Department of Law and (z) such other documents in connection therewith as may be reasonably requested by Landlord.

(f) Tenant shall not assign, at any time during the Term, its interest in this Lease, in whole or in part, pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership pursuant to Article 9-B of the Real Property Law of the State of New York or any statute in lieu thereof, except pursuant to the provisions of Article 40 of this Lease.

(g) Subject to compliance by a Mortgagee with the provisions of Sections 10.10 and 10.11 hereof, the foregoing requirement of consent by Landlord shall not apply to the acquisition of the Premises by such Mortgagee, through the foreclosure of its Mortgage or through a deed or instrument of transfer delivered in lieu of such foreclosure, so long as such Mortgagee shall, in the instrument transferring to such Mortgagee the interest of Tenant hereunder, assume and agree to perform, subject to Section 42.07, all of the terms, covenants and conditions of this Lease thereafter to be observed or performed by Tenant. Each reference in this Section 10.01(g) to "Mortgagee" shall be deemed to include a subsidiary (direct or indirect) of such Mortgagee or its parent, provided such Mortgagee has delivered to Landlord a written notice advising that such a subsidiary should be so deemed and certifying that such subsidiary is an Institutional Lender and is controlled (direct or indirect) by such Mortgagee or its direct parent, (ii) that such subsidiary is not a Person described in Section 10.01(b), and (iii) that such subsidiary is authorized to act in the place and stead of such Mortgagee.

10.02. Compliance with this Article. No assignment of this Lease, subletting of the Premises as an entirety or substantially as an entirety or Transfer shall have any validity except upon compliance with the provisions of this Article 10.

10.03. Consents Limited. Any consent by Landlord under Section 10.01 above shall apply only to the specific transaction thereby authorized and shall not relieve Tenant from any requirement hereunder of obtaining the consent of Landlord to any further sale or assignment of this Lease or Transfer or subletting of the Premises as an entirety or substantially as an entirety.

10.04. Subleases.

(a) Tenant may, without Landlord's consent, but subject to the provisions of the last sentence of Section 10.01(b) and this Section 10.04, enter into additional agreements for the rental of residential and non-residential space in the Building, or the occupancy of such space pursuant to licenses or concessions for periods shorter than or equal to the remainder of the Term at the time of such agreements (all of such agreements, including the Existing Subleases, being herein referred to collectively as "Subleases", and the occupants pursuant to Subleases, including the existing Subtenants, as "Subtenants"). Each residential Sublease shall obligate the Subtenant

pursuant thereto to occupy and use the premises included therein for residential purposes only. No Sublease shall permit the use or occupancy of the Premises included therein for purposes inconsistent with the Requirements, the Master Lease, the Certificate of Occupancy for the Building and the Master Development Plan.

(b) Tenant acknowledges that Landlord presently maintains a rent program for certain qualified middle income residential Subtenants, more particularly described on Exhibit D annexed hereto (the "Rent Program"). Tenant shall comply with the terms of the Rent Program in its present form, including the terms and provisions of Exhibit D and the terms of the Existing Subleases entered into pursuant to the Rent Program. Tenant shall maintain the Rent Program in its present form through May 5, 2002 (the "Rent Program Date") by entering into new Subleases, as necessary, in order to maintain the number of residential units required by the Rent Program. Any Subleases executed in furtherance of the Rent Program shall be in full compliance with the Rent Program and shall be on substantially the same form as the present Subleases entered into pursuant to the Rent Program. Any Sublease which is subject to the Rent Program on the Rent Program Date shall continue to be subject to the Rent Program until such Sublease is terminated in accordance with the terms of such Sublease. Tenant acknowledges that Settlement Housing Fund, Inc. ("Settlement Housing") presently administers the Rent Program pursuant to that certain Consultant Agreement dated as of February 6, 1998 between Settlement Housing and Landlord (as amended through the date hereof, the "Settlement Housing Agreement"). Tenant shall continue to retain Settlement Housing as program administrator pursuant to the Settlement Housing Agreement, through the earlier of (x) May 5, 2005 or (y) the date upon which there are no longer any Subleases subject to the Rent Program. Tenant shall have the right to terminate the Settlement Housing Agreement provided (i) said termination is for good cause and (ii) Tenant retains a substitute third party administrator of the Rent Program, which substitute shall be a not-for-profit corporation which is not an Affiliate of Tenant and shall be reasonably acceptable to Landlord.

10.05. Certain Breaches. The fact that a violation or breach of any of the terms, provisions or conditions of this Lease or of the Master Lease results from or is caused by an act or omission by any Subtenant, Tenant-Stockholder, Unit Owner or subtenant of a Subtenant, Tenant-Stockholder or Unit Owner or any other occupant of the Building shall not relieve Tenant of Tenant's obligation to cure the same. Tenant shall take any and all reasonable steps necessary to prevent any such violation or breach.

10.06. Collection of Sublease Rent. Landlord, after an Event of Default by Tenant, may, subject to the rights of any Mortgagee (provided such Mortgagee is an Institutional Lender), collect subrent and all other sums due under Subleases, and apply the net amount collected to Rental, but no such collection shall be, or be deemed to be, a waiver of any agreement, term, covenant or condition of this Lease or the acceptance by Landlord of any

Subtenant as tenant hereunder, or a release of Tenant from performance by Tenant of its obligations under this Lease.

10.07. Assignment of Subleases. To secure the prompt and full payment by Tenant of the Rental and the faithful performance by Tenant of all the other terms and conditions herein contained on its part to be kept and performed, Tenant hereby assigns, transfers and sets over unto Landlord, subject to any assignment of Subleases and/or rents made in connection with any Mortgage (provided the Mortgagee thereunder is an Institutional Lender), all of Tenant's right, title and interest in and to all Subleases and hereby confers upon Landlord, its agents and representatives, a right of entry in, and sufficient possession of, the Premises to permit and insure the collection by Landlord of the rentals and other sums payable under the Subleases. The exercise of the right of entry and qualified possession by Landlord shall not constitute an eviction of Tenant from the Premises or any portion thereof and should said right of entry and possession be denied Landlord, its agent or representative, Landlord, in the exercise of said right, may use all requisite force to gain and enjoy the same without responsibility or liability to Tenant, its servants, employees, guests or invitees, or any Person whomsoever; provided, however, that such assignment shall become operative and effective only if (a) and as long as an Event of Default shall occur and remain uncured, or (b) this Lease and the Term shall be canceled or terminated pursuant to the terms, covenants and conditions hereof, or (c) there occurs repossession under a dispossess warrant or other re-entry or repossession by Landlord under the provisions hereof or applicable law, and then only as to such of the Subleases that Landlord has agreed to take over and assume.

10.08. Sublease Schedule. At any time and from time to time, but not more than once in any six (6) month period upon Landlord's demand, Tenant promptly shall deliver to Landlord a schedule of all Subleases, setting forth the names of all Subtenants. Upon the reasonable request of Landlord, and at reasonable times, Tenant shall permit Landlord and its agents and representatives to inspect all Subleases and, at Landlord's expense, to make copies thereof; provided, however, that Landlord, to the extent permitted by law, shall use its best efforts not to disclose the information contained therein to the public.

10.09. Sublease Subordination. All Subleases shall provide that (a) they are subject to this Lease and to the Master Lease, (b) the Subtenants will not pay rent or other sums under the Subleases for more than one (1) month in advance (excluding security and other deposits required under such Sublease), and (c) at Landlord's option, on the termination of this Lease pursuant to Article 23, the Subtenants will attorn to, or enter into a direct sublease on identical terms with, Landlord. With respect to any non-residential Sublease (i) made to an unrelated third party at a rental not less than the prevailing market rental, (ii) which is in accordance with all of the requirements of this Lease and (iii) which confers no greater rights upon such Subtenant than are conferred upon Tenant under this Lease nor, except with respect to provision of basic services customarily provided to commercial tenants in such circumstances, imposes more onerous obligations upon Landlord, as successor landlord under the Sublease, than are imposed on Landlord in this Lease ("Qualifying Sublease"), at the request of Tenant,

Landlord and such Subtenant shall execute an agreement (the "Non-disturbance and Attornment Agreement") wherein Landlord agrees to recognize such Subtenant as the direct tenant of Landlord under its Sublease upon the termination of this Lease pursuant to Article 23, provided that at the time of such termination no default exists under such Subtenant's Sublease which at such time would permit the landlord thereunder to terminate the Sublease or to exercise any remedy for dispossession provided for therein, and such Subtenant agrees to attorn to Landlord and to recognize Landlord as such Subtenant's landlord under its Sublease. The Non-disturbance and Attornment Agreement shall provide that neither Landlord, nor anyone claiming by, through or under Landlord, shall be:

- (1) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord), subject to any offsets or defenses that such Subtenant may have against any prior landlord (including, without limitation, the then defaulting landlord),
- (2) except with respect to a semi-annual prepayment of real estate tax or PILOT, bound by any payment that such Subtenant might have paid to any prior landlord (including, without limitation, the then defaulting landlord), or any other Person of (i) rent, common area charges, or any other charge payable under such Subtenant's sublease for more than the current month or (ii) any security deposit which shall not have been delivered to Landlord,
- (3) bound by any covenant to undertake or complete any Restoration of, or Capital Improvement to, the Building or any portion thereof demised by the Sublease,
- (4) bound by any obligation to make any payment to such Subtenant, or
- (5) bound by any amendment to any such Sublease or modification thereof which reduces the basic rent, additional rent, supplemental rent or other charges payable under the Sublease (except to the extent equitably reflecting a reduction in the space covered by the Sublease), or shortens or lengthens the term thereof, or otherwise increases the obligations of landlord thereunder, made without the written consent of Landlord.

Within fifteen (15) days after Tenant submits to Landlord a copy of a Sublease (which may be unexecuted but which shall, in all other respects be in final form), Landlord shall notify Tenant

whether same is a Qualifying Sublease. If Landlord shall determine that such Sublease is a Qualifying Sublease, then, promptly after notice to Tenant of such determination, Landlord and such Subtenant each shall duly execute, acknowledge and deliver to one another one or more counterparts of the Non-disturbance and Attornment Agreement. If Landlord shall determine that same is not a Qualifying Sublease, Landlord shall together with its notice to Tenant specify the reason for such determination. If there be any dispute as to whether any Sublease is a Qualifying Sublease, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36.

10.10. Certain Mortgagee Rights.

(a) If Tenant shall mortgage Tenant's interest in this Lease to a Mortgagee, Tenant or such Mortgagee shall give Landlord prompt notice of such Mortgage and furnish Landlord with a complete and correct copy of each such Mortgage, certified as such by Tenant or such Mortgagee, together with the name and address of such Mortgagee. After receipt of the foregoing, Landlord shall give to such Mortgagee, at the address of such Mortgagee set forth in such notice, and otherwise in the manner provided by Article 24, a copy of each notice of Default (and a copy of any notice appointing an arbitrator as provided in Article 35) at the same time as, and whenever, any such notice of Default (or notice appointing an arbitrator) shall thereafter be given by Landlord to Tenant, and no such notice of Default (or notice appointing an arbitrator) by Landlord shall be deemed to have been duly given to Tenant unless and until a copy thereof shall have been so given to each Mortgagee. Each Mortgagee (i) shall thereupon have a period of ten (10) days more than is given to Tenant in each instance in the case of a Default in the payment of Rental and thirty (30) days (subject to Unavoidable Delays) more than is given to Tenant in each instance in the case of any other Default, for remedying the Default, or causing the same to be remedied, or causing action to remedy a Default mentioned in Section 23.01(b) to be commenced, and (ii) shall, within such periods and otherwise as herein provided, have the right to remedy such Default, cause the same to be remedied or cause action to remedy a Default mentioned in Section 23.01(b) to be commenced. Landlord shall accept performance by a Mortgagee of any covenant, condition or agreement on Tenant's part to be performed hereunder with the same force and effect as though performed by Tenant.

(b) Notwithstanding the provisions of Section 10.10(a) and 23.01 hereof, Landlord shall not give notice to Tenant of the expiration and termination of this Lease as provided in Section 23.03(a) hereof if within five (5) Business Days after the expiration of the time given to Tenant pursuant to the provisions of this Lease to remedy the event or condition which would otherwise constitute a Default hereunder, a Mortgagee shall have delivered to Landlord its written agreement to take the action described in clause (i) or (ii) hereinbelow and thereafter, in good faith, shall have commenced promptly either (i) to cure the Default and to prosecute the same to completion (subject to Unavoidable Delays), or (ii) if possession of the Premises is

required in order to cure the Default, to institute foreclosure proceedings and obtain possession directly or through a receiver, and to prosecute such proceedings with diligence and continuity and, upon obtaining such possession, commence promptly to cure the Default and to prosecute the same to completion with diligence and continuity, provided that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Tenant under this Lease, to the extent they are reasonably susceptible to being performed by the Mortgagee, are being performed. However, at any time after the delivery of the aforementioned agreement, the Mortgagee may notify Landlord, in writing, that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued or will discontinue them, and in such event, the Mortgagee shall have no further liability under such agreement from and after the date it delivers such notice to Landlord (except for any Rental accruing prior to the date it delivers such notice and any damages suffered by Landlord arising in whole or in part from a failure by such Mortgagee to discontinue such proceedings), and, thereupon, Landlord shall have the unrestricted right to terminate this Lease and to take any other action it deems appropriate by reason of any Default, and upon any such termination the provisions of Section 10.11 shall apply. Notwithstanding anything herein contained to the contrary, provided such Mortgagee shall have otherwise complied with the provisions of this Section 10.10, such Mortgagee shall have no obligation to cure any Defaults which are not reasonably susceptible to being cured by such Mortgagee and such Defaults may not be the basis of any termination of this Lease by Landlord. At the request of such Mortgagee, Landlord shall stipulate to those Defaults which Landlord agrees are not susceptible of cure.

(c) Except as expressly provided in Section 10.10(b), no Mortgagee (or any Person succeeding to Tenant's interest under this Lease by reason of a Mortgage foreclosure or assignment in lieu thereof or a new lease pursuant to Section 10.11) shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for as long as it remains, the owner of the leasehold estate created hereby. Landlord and Tenant shall not, without first obtaining the consent of the Senior Mortgagee, if any, either (x) enter into any modification or amendment of this Lease which either increases Tenant's or any Mortgagee's obligations or reduces Tenant's or any Mortgagee's rights hereunder or, (y) except following and during the continuance of an Event of Default and subject to the terms of Section 10.10(b) hereof, terminate this Lease or effect a surrender thereof, and in the event that a Mortgagee (or any Person succeeding to Tenant's interest under this Lease by reason of a Mortgage foreclosure or assignment in lieu thereof or a new lease pursuant to Section 10.11) shall become the owner of such leasehold estate, such Mortgagee (or such Person succeeding to Tenant's interest under this Lease by reason of a Mortgage foreclosure or assignment in lieu thereof or a new lease pursuant to Section 10.11) shall not be bound by any modification or amendment (which either increases Tenant's or any Mortgagee's obligations or reduces Tenant's or any Mortgagee's rights hereunder), or termination or surrender made

subsequent to the date of the Mortgage and delivery to Landlord of the notice provided in Section 10.10(a) hereof and prior to its acquisition of such interest unless the Mortgagee shall have consented in writing to such modification, amendment, surrender or termination.

(d) A copy of any notice of termination given by Landlord to Tenant shall be given by Landlord at the same time and in the same manner to any Mortgagee then entitled to receive copies of notices of Default under Section 10.10(a).

10.11. Lease with Mortgagee.

(a) In the case of termination of this Lease by reason of any Event of Default or otherwise, Landlord shall give prompt notice thereof to each Mortgagee whose name and address Landlord has received pursuant to notice made in compliance with the provisions of Section 10.10(a), at the address of such Mortgagee set forth in such notice, and otherwise in the manner provided by Article 24. Subject to the provisions of Section 10.11(d), Landlord, on written request of a Mortgagee made any time within thirty (30) days after the giving of such notice by Landlord, shall promptly execute and deliver a new lease of the Premises to the Mortgagee, or its designee or nominee, for the remainder of the Term upon all the covenants, conditions, limitations and agreements herein contained, provided that such Mortgagee (i) shall pay to Landlord, simultaneously with the delivery of such new lease, all unpaid Rental due under this Lease up to and including the, date of the commencement of the term of such new lease and all expenses, including, without limitation, reasonable attorneys' fees and disbursements and court costs, incurred by Landlord in connection with the Default by Tenant, the termination of this Lease and the preparation of the new lease, less amounts collected by Landlord from Subtenants and (ii) shall cure all Defaults existing under this Lease which are then susceptible to being cured by such Mortgagee. At the request of such Mortgagee, Landlord agrees to stipulate as to Defaults known to be not susceptible to cure.

(b) Any such new lease and the leasehold estate thereby created shall, subject to the same conditions as are contained in this Lease, continue to maintain the same priority as this Lease with regard to any mortgage, including any fee mortgage, on the Premises or any part thereof or any other lien, charge or encumbrance thereon. Concurrently with the execution and delivery of such new lease, Landlord shall assign to the tenant named therein all of its right, title and interest in and to moneys (including insurance and condemnation proceeds), if any, then held by or payable to Landlord or Depository which Tenant would have been entitled to receive but for termination of this Lease, and any sums then held by or payable to Depository shall be deemed to be held by or payable to it as Depository under the new lease.

(c) Upon the execution and delivery of a new lease under this Section 10.11, all Subleases which theretofore have been assigned to, or made by,

Landlord shall be assigned and transferred, without recourse, by Landlord to the tenant named in such new lease. Between the date of termination of this Lease and the date of execution of the new lease, if a Mortgagee shall have requested such new lease as provided in Section 10.11(a), Landlord shall not cancel any Subleases or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the consent of the Mortgagee, except for a default as permitted in the Subleases or for the purpose of permitting Landlord to enter into Subleases with other subtenants who will occupy not less than the same amount of space demised by the canceled Subleases at a rental rate per square foot and for a term not less than the rental rate per square foot and the unexpired term, respectively, of the canceled Subleases.

(d) If there is more than one Mortgage, and more than one Mortgagee has exercised any of the rights afforded by this Section 10.11 within the time periods set forth herein, then unless otherwise provided in the Mortgage most senior in lien priority (or otherwise acknowledged in writing by the holder thereof), only the Senior Mortgagee, to the exclusion of all other Mortgagees shall be recognized by Landlord as having exercised such rights, for so long as such Senior Mortgagee shall be exercising its rights under this Lease with respect thereto, and thereafter, successively, the Mortgagees whose Mortgages are next most senior in lien priority shall be recognized by Landlord, in order of seniority. If the parties shall not agree on which Mortgagee is prior in lien, such dispute shall be determined by a then current certificate of title obtained by Landlord or Tenant, at Tenant's sole expense, issued by a title insurance company licensed to do business in the State of New York chosen by Landlord, and such determination shall bind the parties. Notwithstanding the foregoing, a Mortgagee shall be entitled to the rights afforded by this Section 10.11 only if either Tenant or such Mortgagee shall have given Landlord notice of such Mortgage in compliance with the provisions of Section 10.10(a).

10.12. Condominium Application. The provisions of Sections 10.10 and 10.11 shall be of no further force and effect in the event Tenant shall have subjected Tenant's leasehold interest in the Premises to a condominium form of ownership.

ARTICLE 11.

REPAIRS

11.01. Repairs Generally. Except as otherwise specified in Article 25, Tenant or, if Tenant's leasehold estate in the Premises is submitted to the condominium form of ownership in accordance with this Lease, the Condominium Board, shall, at its sole cost and expense, put and keep in good condition and repair the Premises, including, without limitation, the Building, roofs, foundations and appurtenances thereto, all sidewalks, vaults (other than vaults which are under the control of, or are maintained or repaired by, a utility company), sidewalk hoists, water,

sewer and gas connections, pipes and mains which are located on or service the Premises (unless the City of New York or a public utility company is obligated to maintain or repair same) and all Equipment, and shall put, keep and maintain the Building in good and safe order and condition, and make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary or appropriate to keep the same in good and safe order and condition, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, provided, however, that Tenant's or the Condominium Board's obligations with respect to Restoration resulting from a casualty or condemnation shall be as provided in Articles 8 and 9 hereof. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Premises. When used in this Section 11.01, the term "repairs" shall include all necessary replacements, alterations and additions. All repairs made by Tenant or the Condominium Board shall be at least equal in quality and class to the original work and shall be made in compliance with (a) all Requirements of Governmental Authorities (including, but not limited to, Local Law No. 5, 1973, as amended, and Local Law 58, 1988, as amended), (b) the New York Board of Fire Underwriters or any successor thereto, (c) the Building Code of New York City, as then in force, (d) the Master Development Plan and (e) the Design Guidelines.

11.02. Sidewalks, Grounds, Etc. Except as otherwise specified in Article 25, Tenant, at its sole cost and expense, shall keep or cause to be kept clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the sidewalks, grounds, chutes and sidewalk hoists comprising, in front of, or adjacent to, the Premises and any parking facilities and plazas on the Land.

11.03. No Landlord Services. Except as otherwise specifically provided in Article 25 hereof, Landlord shall not be required to furnish any services, utilities or facilities whatsoever to the Premises, nor shall Landlord have any duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to, nor to demolish, any Building. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. Tenant shall not clean nor require, permit, suffer nor allow any window in the Building to be cleaned from the outside in violation of Section 202 of the Labor Law or of the rules of any state, county or municipal department board or body having jurisdiction.

ARTICLE 12.

CHANGES, ALTERATIONS AND ADDITIONS

12.01. Capital Improvements Generally.

- (a) Tenant shall not demolish, replace or materially alter the Building, or any part thereof (except as provided to the contrary with respect to Equipment in

Article 14), or make any addition thereto, whether voluntarily or in connection with repairs required by this Lease (each, a "Capital Improvement" and, collectively, "Capital Improvements"), unless Tenant shall comply with the following requirements and, if applicable, with the additional requirements set forth in Section 14.02:

(b) No Capital Improvement shall be undertaken until Tenant shall have procured from all Governmental Authorities and paid for all permits, consents, certificates and approvals for the proposed Capital Improvement which are required to be obtained prior to the commencement of the proposed Capital Improvement (collectively, "Improvement Approvals"). Landlord shall not unreasonably refuse to join or otherwise cooperate in the application for any such Improvement Approvals, provided such application is made without cost, expense or liability (contingent or otherwise) to Landlord. True copies of all such Improvement Approvals shall be delivered by Tenant to Landlord prior to commencement of the proposed Capital Improvement.

(c) Each Capital Improvement, when completed, shall be of such a character as not to reduce the value of the Premises below its value immediately before construction of such Capital Improvement.

(d) All Capital Improvements shall be made with reasonable diligence and continuity (subject to Unavoidable Delays) and in a good and workerlike manner and (i) in compliance with all Improvement Approvals, (ii) in compliance with the Master Development Plan and the Design Guidelines and consistent with the design of the School Building and, if required pursuant to Section 12.02(a) or (b), the plans and specifications for such Capital Improvement as approved by Landlord, (iii) in compliance with the orders, rules, regulations and requirements of any Board of Fire Underwriters or any similar body having jurisdiction, and (iv) all other Requirements.

(e) No construction of any Capital Improvements shall be commenced until Tenant shall have delivered to Landlord certificates of insurance with respect to insurance policies and, if Landlord requests, copies of such policies, issued by responsible insurers authorized to do business in the State of New York which meet the requirements set forth in Article 7 hereof, bearing notations evidencing the payment of premiums or installments thereof then due or accompanied by other evidence reasonably satisfactory to Landlord of such Payments, for the insurance required by Section 8.04, unless Landlord shall reasonably determine that the Capital Improvement does not warrant the insurance required by Section 8.04, in which case Landlord shall in its discretion specify such lesser types and levels of insurance appropriate to such Capital Improvement. If, under the provisions of any casualty, liability or other insurance policy or policies then covering the Premises or any part thereof, any consent to such Capital Improvement by the insurance company or companies issuing such policy or policies shall be required to continue and keep such policy or policies in full force and effect, Tenant, prior to the commencement of construction of such Capital Improvement, shall

obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

12.02. Certain Capital Improvement Requirements.

(a) If the estimated cost of any proposed Capital Improvement shall exceed Five Hundred Thousand Dollars (\$500,000) (as such amount shall be increased as provided in Section 7.02(a)), either individually or in the aggregate with other Capital Improvements which are a related portion of a program or project of Capital Improvements constructed in any twelve (12) month period during the Term, Tenant shall:

- (i) if Landlord shall reasonably determine that the services of an architect or engineer are required in order for it to adequately review the plans and specification or inspect the work, pay to Landlord, within ten (10) days after demand, the reasonable fees and expenses of any architect or engineer selected by Landlord to review the plans and specifications describing the proposed Capital Improvement and inspect the work on behalf of Landlord; and
- (ii) furnish to Landlord the following:
 - (x) at least twenty (20) Business Days prior to commencement of the proposed Capital Improvement, complete plans and specifications for the Capital Improvement, prepared by a licensed professional engineer or a registered architect selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld, and, at the request of Landlord, any other drawings, information or samples which Landlord may reasonably request, all of the foregoing to be subject to Landlord's review and approval solely for conformity with the Master Development Plan and the Design Guidelines and consistency with the design of the School Building and, in the event such Capital Improvement is commenced by January 1, 2009, conformity with the Construction Documents;
 - (y) at least ten (10) Business Days prior to commencement of the proposed Capital Improvement, (1) a contract or construction management agreement reasonably satisfactory to Landlord in form assignable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor or construction

manager approved by Landlord, which approval shall not be unreasonably withheld, providing for the completion of the Capital Improvement in accordance with the schedule included in the plans and specifications, subject to Unavoidable Delays, free and clear of all liens, encumbrances, security agreements, interests and financing statements, and (2) payment and performance bonds or other security, in each case satisfying the requirements of Section 8.04(a)(ii) hereof; and

- (z) at least ten (10) Business Days prior to commencement of the proposed Capital Improvement, an assignment to Landlord (subject to any prior assignment to any Mortgagee) of the contract so furnished and the bonds or other security provided thereunder, such assignment to be duly executed and acknowledged by Tenant and by its terms to be effective only upon any termination of this Lease or upon Landlord's re-entry upon the Premises or following any Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all payments made on account of such contract, including payments made prior to the effective date of such assignment.

(b) Notwithstanding that the cost of any Capital Improvement is less than Five Hundred Thousand Dollars (\$500,000) (as such amount shall be increased as provided in Section 7.02(a)), such cost to be determined as provided in Section 8.02(b), to the extent that any portion of the Capital Improvement involves structural work or work involving the exterior of the Building or a change in the height, bulk or setback of the Building from the height, bulk or setback existing immediately prior to the Capital Improvement or in any other manner affects compliance with the Master Development Plan or the Design Guidelines or consistency with the design of the School Building then Tenant shall furnish to Landlord at least twenty (20) Business Days prior to commencement of the Capital Improvement, complete plans and specifications for the Capital Improvement, prepared by a licensed professional engineer or registered architect approved by Landlord, which approval shall not be unreasonably withheld, and, at Landlord's request, such other items designated in Section 12.02(a)(ii)(x) hereof, all of the foregoing to be subject to Landlord's review and approval as provided therein. In addition, if Landlord shall reasonably determine that the services of an independent architect or engineer are required in order for it to adequately review the plans and specifications describing the proposed Capital Improvement or inspect the work on behalf of Landlord, Tenant shall pay to Landlord the reasonable fees and expenses of such independent architect or engineer selected by Landlord.

(c) Landlord shall notify Tenant in writing of Landlord's determination with respect to any request for approval required under this Section 12.02 within fifteen (15) Business Days of the later of (i) Landlord's receipt of such request from Tenant or (ii) Landlord's receipt of the plans and specifications and the drawings, information or samples which Landlord shall have requested in accordance with Section 12.02(a)(ii)(x). Landlord shall specify in reasonable detail the reasons for any disapproval. Landlord's failure to so notify Tenant within said time period shall be deemed to constitute approval of the proposed Capital Improvement by Landlord. Tenant shall not commence any Capital Improvement with respect to which approval is required under this Section 12.02 until Landlord shall have given, or shall be deemed to have given, such approval required under this Section 12.02.

(d) In the event that Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Section 12.02(a)(ii)(x) or 12.02(b) with respect to, or which will in any way affect, any aspect of the exterior of the Building or the height, bulk or setback thereof or which will affect compliance with the Master Development Plan or the Design Guidelines or consistency with the design of the School Building, Tenant shall submit the proposed modifications to Landlord. Tenant shall not be required to submit to Landlord the proposed modifications of the plans and specifications which affect solely the interior of the Building. Landlord shall review the proposed changes to determine whether or not they (i) conform to the Master Development Plan and the Design Guidelines and are consistent with the design of the School Building, and (ii) provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications, and shall approve such proposed changes if they do so conform and so provide. If Landlord determines that the proposed changes are not satisfactory in light of the above criteria, it shall so advise Tenant, specifying in reasonable detail in what respect the plans and specifications, as so modified, do not conform to the Master Development Plan or the Design Guidelines, are not consistent with the design of the School Building or do not provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications. Within fifteen (15) Business Days after Landlord shall have so advised Tenant or such longer period as Landlord in its reasonable judgment may approve, Tenant shall revise the plans and specifications so as to meet Landlord's objections and shall deliver same to Landlord for review or shall notify Landlord of its decision not to proceed with the Capital Improvement. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of delivery of the plans and specifications, as so revised (or one or more portions thereof), by Tenant, and if Landlord shall not have notified Tenant of its determination within such period, it shall be deemed to have determined that the proposed changes are satisfactory. Landlord shall not review portions of the approved plans and specifications which Landlord has previously determined to be satisfactory, provided same have not been changed by Tenant.

12.03. Architect; Surveys, Etc. All Capital Improvements shall be carried out under the supervision of an architect selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. Promptly following the completion of any Capital Improvement Tenant shall furnish to Landlord a complete set of "as-built" plans for such Capital Improvement and, where applicable, a survey prepared and sealed by a registered surveyor showing the Building and all easements and other matters of record relating to the Premises, certified by such surveyor to Tenant, Landlord, each Mortgagee, and to any title company which shall have insured or committed to insure the Premises, and bearing the certification of such surveyor that the Building is within the boundaries of the Demised Space and does not encroach upon any easement or violate any restriction of record together with an amended permanent Certificate of Occupancy therefor issued by the New York City Department of Building, to the extent a modification thereof was required.

12.04. Title to Improvements. Title to all additions, alterations, improvements and replacements made to the Building, including, without limitation, the Capital Improvements, shall forthwith vest in Landlord, provided, however, that (i) Landlord shall not be liable in any manner for payment or otherwise to any contractor, subcontractor, laborer or supplier of materials or other Person in connection with the purchase of any such materials, (ii) Landlord shall have no obligation to pay any compensation to Tenant by reason of its acquisition of title to such materials and Building, (iii) Landlord shall have no obligation with respect to the storage or care of such materials or the Building, (iv) all materials to be incorporated in the Building shall, immediately upon the purchase of same, be deemed to be leased to Tenant pursuant to this Lease and (v) provided no Default in the payment of Rental (whether or not notice of such Default has been delivered to Tenant) and no other Default as to which notice shall have been given shall have occurred and be continuing, any refunds, credits or other proceeds that may be obtained in respect of such materials shall be paid to Tenant.

ARTICLE 13.

REQUIREMENTS OF PUBLIC AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES; COMPLIANCE WITH MASTER LEASE

13.01. Compliance with Requirements. Subject to the provisions of Article 25 Tenant promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, regulations, statutes, requirements, permits, consents, certificates, approvals, codes and executive orders, including without limitation, Environmental Statutes (collectively, "Requirements") without regard to the nature or cost of the work required to be done, extraordinary, as well as ordinary, of all Governmental Authorities now existing or hereafter created, and of any and all of their departments and bureaus, of any applicable Fire Rating Bureau or other body exercising similar functions, affecting the Premises or any street, avenue or

sidewalk comprising a part or in front thereof or any vault in or under the same, or requiring the removal of any encroachment, or affecting the construction, maintenance, use, operation, management or occupancy of the Premises, whether or not the same involve or require any structural changes or additions in or to the Premises, without regard to whether or not such changes or additions are required on account of any particular use to which the Premises, or any part thereof, may be put, and without regard to the fact that Tenant is not the fee owner of the Premises. Notwithstanding the foregoing, Tenant shall not be required to comply with Requirements of Master Landlord or Landlord except (i) as otherwise expressly provided in this Lease or (ii) Requirements of New York City acting solely in its capacity as a Governmental Authority. Tenant also shall comply with any and all provisions and requirements of any casualty, liability or other insurance policy required to be carried by Tenant under the provisions of this Lease. If compliance with the Lease, the Master Development Plan and/or the Design Guidelines would violate the Requirements, and if such violation is the only means of achieving such compliance, then the Requirements shall control and if Tenant complies with the Requirements its actions shall not effect a Default hereunder.

13.02. Requirements Contests. Tenant shall have the right to contest the validity of any Requirements or the application thereof. During such contest, compliance with any such contested Requirements may be deferred by Tenant upon condition that, if Tenant is not an Institutional Lender, before instituting any such proceeding, Tenant shall furnish to Landlord or deposit with the Senior Mortgagee a bond, cash or other security reasonably satisfactory to Landlord, securing compliance with the contested Requirements and payment of all interest, penalties, fines, fees and expenses in connection therewith. Any such proceeding instituted by Tenant shall be commenced as soon as is reasonably possible after the issuance of any such contested matters, or after notice (actual or constructive) to Tenant of the applicability of such matters to the Premises and shall be prosecuted to final adjudication with reasonable dispatch. Notwithstanding the foregoing, Tenant promptly shall comply with any such Requirements and compliance shall not be deferred if such non-compliance shall result in the imminent loss or forfeiture of the Premises, or any part thereof or if Landlord shall be in danger of being subject to civil or criminal liability or penalty by reason of non-compliance therewith.

13.03. Compliance with Master Lease. Tenant shall not cause or create or permit to exist or occur any condition or event relating to the Premises which would, with or without notice or passage of time, result in an event of default under the Master Lease. Tenant shall perform all of Landlord's obligations as tenant under the Master Lease relating to the maintenance and operation of the Premises unless, in accordance with the terms of this Lease, Landlord is specifically obligated to perform any such obligation.

ARTICLE 14.

EQUIPMENT

14.01. Ownership of Equipment. All Equipment shall be and shall remain the property of Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld, provided, however, such consent shall not be required in connection with repairs, cleaning or other servicing, or if (subject to Unavoidable Delays) the same is promptly replaced by Equipment which is at least equal in utility and value to the Equipment being removed. Notwithstanding the foregoing, Tenant shall not be required to replace any Equipment which performed a function which has become obsolete or otherwise is no longer necessary or desirable in connection with the use or operation of the Premises, unless such failure to replace would reduce the value of the Premises or would result in a reduced level of maintenance of the Premises, in which case Tenant shall be required to install such Equipment as may be necessary to prevent such reduction in the value of the Premises or in the level of maintenance.

14.02. Maintenance of Equipment. Tenant shall keep all Equipment in good order and repair and shall replace the same when necessary with items at least equal in utility and value to the Equipment being replaced.

ARTICLE 15.

DISCHARGE OF LIENS; BONDS

15.01. No Encumbrances. Subject to the provisions of Section 15.02 hereof, except as otherwise expressly provided in this Lease, Tenant shall not create or (to the extent reasonably within Tenant's control) permit to be created any lien, encumbrance or charge upon the Premises or any part thereof, or the Project Area or any part thereof, the income therefrom or any assets of, or funds appropriated to, Landlord, and Tenant shall not suffer any other matter or thing whereby the estate, right and interest of Landlord in the Premises or any part thereof might be impaired.

15.02. Discharge of Encumbrances. If any mechanic's, laborer's or materialman's lien (other than a lien arising out of any work performed by Landlord or Master Landlord) at any time shall be filed in violation of the obligations of Tenant pursuant to Section 15.01 against the Premises or any part thereof or the Project Area or any part thereof, or, if any public improvement lien created or permitted to be created by Tenant shall be filed against any assets of, or funds appropriated to, Landlord, Tenant, within forty-five (45) days after notice of the filing thereof shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged of record within the period aforesaid, and if such lien shall continue for an additional twenty (20) days after notice by Landlord to Tenant, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding

proceedings, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord, including all reasonable costs and expenses incurred by Landlord in connection therewith including, without limitation, reasonable attorneys' fees and disbursements, together with interest thereon at the Involuntary Rate, from the respective dates of Landlord's making the payment of any such amount or any such costs and expenses, shall constitute Rental and shall be paid by Tenant to Landlord within ten (10) days after demand. Notwithstanding the foregoing provisions of this Section 15.02, Tenant shall not be required to discharge any such lien if Tenant is in good faith contesting the same and has furnished a cash deposit or a security bond or other such security reasonably satisfactory to Landlord or to any Mortgagee that is an Institutional Lender in an amount sufficient to pay such lien with interest and penalties.

15.03. No Landlord Consent to Performance of Services. Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any lien against Landlord's interest in the Premises or any part thereof, the Project Area or any part thereof, or any assets of, or funds appropriated to, Landlord. Notice is hereby given, and Tenant shall cause all Construction Agreements to provide, in substance that Landlord shall not be liable for any work performed or to be performed at the Premises for Tenant, any Subtenant and, if applicable, any Tenant-Stockholder or Unit Owner or for any materials furnished or to be furnished at the Premises for any of the foregoing, and that no mechanic's or other lien for such work or materials shall attach to or affect the estate or interest of Landlord in and to the Premises or any part thereof, the Project Area or any part thereof, or any assets of, or funds appropriated to, Landlord.

15.04. No Liens. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of, or funds appropriated to, Landlord or upon any interest of Landlord in the Premises.

ARTICLE 16.

REPRESENTATIONS; POSSESSION

16.01. Acceptance of Condition. Tenant acknowledges that Tenant is fully familiar with the Premises, the Project Area, the physical condition thereof (including, without limitation, the fact that the Building rests on substantial portions of landfill which may present special difficulties in the maintenance of the Building), the Title Matters, the Master Lease, the

Master Development Plan, the Settlement Agreement and the Design Guidelines. Tenant accepts the Premises in its existing condition and state of repair, and, except as otherwise expressly set forth in this Lease, no representations, statements, or warranties, express or implied, have been made by or on behalf of Landlord in respect of the Premises, the Project Area, the status of title thereof, the physical condition thereof, including, without limitation, the landfill portions thereof, the zoning or other laws, regulations, rules and orders applicable thereto, Taxes, or the use that may be made of the Premises, that Tenant has relied on no such representations, statements or warranties not contained in this Lease, and that Landlord shall in no event whatsoever be liable for any latent or patent defects in the Premises.

16.02. Certain Landlord Representations. Notwithstanding anything herein contained to the contrary, Landlord represents that the Master Lease, the Design Guidelines, the Master Development Plan and the Settlement Agreement have not been amended, modified or supplemented, except as specifically set forth in the definitions contained in Article 1 and are in full force and effect.

16.03. Delivery of the Premises. Landlord shall deliver possession of the Premises on the Commencement Date vacant and free of occupants and tenancies, subject only to (i) rights of the Existing Subtenants and (ii) the Title Matters.

16.04. Composition of Tenant. Tenant represents that, as of the date hereof, the sole members of Tenant are New Hyde Park Realty, L.P. and Gary Jacob.

ARTICLE 17.

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

17.01. No Liability Generally. Landlord shall not in any event whatsoever be liable for any injury or damage to Tenant or to any other Person happening on, in or about the Premises and its appurtenances, nor for any injury or damage to the Premises or to any property belonging to Tenant or to any other Person which may be caused by any fire or breakage, or by the use, misuse or abuse of any of the Building (including, but not limited to, any of the common areas within the Building, Equipment, elevators, hatches, openings, installations, stairways, hallways, or other common facilities), or the streets or sidewalk area within the Premises or which may arise from any other cause whatsoever except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of Landlord, its officers, agents, employees or licensees; nor shall Landlord in any event be liable for the acts or failure to act of any other tenant of any premises within the Project Area other than the Premises, or of any agent, representative, employee, contractor or servant of such other tenant.

17.02. No Liability Regarding Utilities or Services. Landlord shall not be liable to Tenant or to any other Person for any failure of water supply, gas or electric current, nor for

any injury or damage to any property of Tenant or of any other Person or to the Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditament by anybody, or caused by any public or quasi-public work, except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of Landlord, its officers, agents, employees or licensees.

17.03. No Liability Regarding Soil Subsidence. In addition to the provisions of Sections 17.01 and 17.02, in no event shall Landlord be liable to Tenant or to any other Person for any injury or damage to any property of Tenant or of any other Person or to the Premises, arising out of any sinking, shifting, movement, subsidence, failure in load-bearing capacity of, or other matter or difficulty related to, the soil, or other surface or subsurface materials, on the Premises or in the Project Area, except to the extent any of the foregoing shall result from the negligence or wrongful act of Landlord or its agents, servants or employees, it being agreed that Tenant shall assume and bear all risk of loss with respect thereto.

ARTICLE 18.

INDEMNIFICATION OF LANDLORD AND OTHERS

18.01. Tenant Indemnity Generally. Tenant shall not do, or knowingly permit any Subtenant, Unit Owner, Tenant-Stockholder or sublessee of a Unit or Cooperative Apartment or any employee, agent or contractor of Tenant or of any Subtenant, Unit Owner, Tenant-Stockholder or sublessee of a Unit or Cooperative Apartment to do any act or thing upon the Premises or elsewhere in the Project Area which may reasonably be likely to subject Landlord to any liability or responsibility for injury or damage to persons or property, or to any liability by reason of any violation of any Requirement, and shall use its best efforts to exercise such control over the Premises so as to fully protect Landlord against any such liability. Tenant, to the fullest extent permitted by law, shall indemnify and save Landlord, any former Landlord and the State of New York and their agents, directors, officers and employees (collectively, the "Indemnitées"), harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable engineers', architects' and attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against any of the Indemnitées by reason of any of the following occurring during the Term, except to the extent that the same shall have been caused in whole or in part by the negligence or wrongful act of any of the Indemnitées:

- (i) any work or thing done in or on the Premises or any part thereof;
- (ii) any use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof or of any street, alley,

sidewalk, curb, vault, passageway or space comprising a part of the Premises or adjacent thereto, provided such indemnity with regard to streets, alleys, sidewalks, curbs, vaults, passageways and other space is limited to an alteration, repair, condition, or maintenance of any street, alley, sidewalk, curb, vault, passageway or other space done or performed by Tenant or any agent, contractor, servant or employee of Tenant or which Tenant is obligated to do or perform;

(iii) any negligent or tortious act or failure to act (or act which is alleged to be negligent or tortious) within the Project Area on the part of Tenant or any agent, contractor, servant or employee of Tenant;

(iv) any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in or on the Premises or any part thereof or in, or about any sidewalk or vault, unless such sidewalk or vault is solely within the control of a utility company;

(v) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed or complied with;

(vi) any lien or claim which may have arisen out of any act of Tenant or any agent, contractor, servant or employee of Tenant against or on the Premises or any other portion of the Project Area, or any lien or claim created or permitted to be created by Tenant in respect of the Premises against any assets of, or funds appropriated to any of the Indemnitees under the laws of the State of New York or of any other Governmental Authority or any liability which may be asserted against any of the Indemnitees with respect thereto;

(vii) any failure on the part of Tenant to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in the Construction Agreements, Subleases, or other contracts and agreements affecting the Premises, on Tenant's part to be kept, observed or performed;

(viii) any tax attributable to the execution, delivery or recording of this Lease;

(ix) any contest by Tenant permitted pursuant to the provisions of this Lease, including, without limitation, Articles 4, 13 and 27 hereof;

(x) any action taken by any Person (other than Landlord or Battery Park City Parks Conservancy Corporation) pursuant to any Environmental Statute or under common law, pertaining to hazardous or toxic waste or other substances found in, on or under, affixed to or emanating from the Premises (except to the extent such substances are present as of the date hereof), or in any manner arising out of or related to the presence, use, generation, storage, disposal or transport of any hazardous materials or environmental contaminants found in, on or

under, affixed to or emanating from the Premises (except to the extent such substances are present as of the date hereof); or

(xi) the exercise of Tenant's rights under Article 41 of this Lease.

18.02. The obligations of Tenant under this Article 18 shall not be affected in any way by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

18.03. Indemnification Procedure. If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event for which Tenant has agreed to indemnify the Indemnitees in Section 18.01, then, upon demand by Landlord, Tenant shall resist or defend such claim, action or proceeding (in such Indemnitee's name, if necessary) by the attorneys for Tenant's insurance carrier (if such claim, action or proceeding is covered by insurance maintained by Tenant) or (in all other instances) by such attorneys as Tenant shall select and Landlord shall approve, which approval shall not be unreasonably withheld. In such event, Tenant shall control all decisions in respect of the litigation and settlement of such claims. Notwithstanding the foregoing, Landlord may engage its own attorneys to defend it or to assist in its defense. Provided such claim, action or proceeding is not covered by insurance maintained by Tenant and the attorneys engaged by Landlord are experienced in matters of the type in question, Tenant shall pay the reasonable fees and disbursements of such attorneys. In the event such claim, action or proceeding is covered by insurance and Tenant's insurer refuses to pay all or any portion of the fees and disbursements of any attorneys separately retained by Landlord, Landlord shall pay such fees and disbursements or such portion as shall not be paid by Tenant's insurer. The indemnification obligations imposed upon Tenant under Section 19.01 shall not apply to any settlement separately agreed to by Landlord without Tenant's consent, nor if Landlord retains its own attorneys and such retention will impair or diminish Tenant's insurance coverage and Landlord has been so advised in writing by Tenant's insurer.

18.04. Survival. The provisions of this Article 18 shall survive the Expiration Date with respect to actions or the failure to take any actions or any other matter arising prior to the Expiration Date.

ARTICLE 19.

RIGHT OF INSPECTION, ETC.

19.01. Landlord Inspections Generally. Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times and upon reasonable notice (except in cases of emergency) for the purpose of (a) inspecting the same, (b) determining whether or not Tenant is in compliance with its obligations hereunder, (c) maintaining and inspecting any Civic Facilities, and (d) making any necessary repairs to the Premises and

performing any work therein that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work, provided that, except in any emergency, Landlord shall have given Tenant notice specifying such repairs or work and Tenant shall have failed to make such repairs or to do such work within thirty (30) days after the giving of such notice (subject to Unavoidable Delays), or if such repairs or such work cannot reasonably be completed during such thirty (30) day period, to have commenced and be diligently pursuing the same (subject to Unavoidable Delays).

19.02. No Landlord Duty to Perform Work. Nothing in this Article 19 or elsewhere in this Lease shall imply any duty upon the part of Landlord to do any work required to be performed by Tenant hereunder and performance of any such work by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord, during the progress of any such work, may keep and store at the Premises all necessary materials, tools, supplies and equipment. Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant, any Subtenant or other occupant of the Building by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into the Premises during the course thereof, provided Landlord shall use reasonable efforts to minimize damage resulting from Landlord's exercise of its rights under this Article 19, and the obligations of Tenant under this Lease shall not be affected thereby. To the extent that Landlord undertakes such work or repairs, such work or repairs shall be commenced and completed in a good and workerlike manner, and with reasonable diligence, subject to Unavoidable Delays, and in such a manner as not to unreasonably interfere with the conduct of business in or use of such space.

ARTICLE 20.

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

20.01. Landlord's Right to Perform. If Tenant at any time shall be in Default, after notice thereof and after applicable grace periods, if any, provided under this Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

20.02. Cost of Landlord's Performance. All reasonable sums paid by Landlord and all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in connection with its performance of any obligation pursuant to Section 20.01, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment until the date of actual repayment to Landlord, shall be paid by Tenant to Landlord within ten (10) days after Landlord shall have submitted to Tenant a statement, in reasonable detail, substantiating the amount demanded by Landlord. Any payment or performance by Landlord pursuant to Section 20.01 shall not be nor

be deemed to be a waiver or release of the breach or Default of Tenant with respect thereto or of the right of Landlord to terminate this Lease, institute summary proceedings or take such other action as may be permissible hereunder or otherwise provided at law or in equity if an Event of Default by Tenant shall have occurred. Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep insurance in force as aforesaid to the amount of the insurance premium or premiums not paid, but Landlord also shall be entitled to recover, as damages for such breach, the uninsured amount of any loss and damage and the reasonable costs and expenses of suit, including, without limitation, reasonable attorneys' fees and disbursements, suffered or incurred by reason of damage to or destruction of the Premises.

ARTICLE 21.

NO ABATEMENT OF RENTAL

Except as may be otherwise expressly provided herein, there shall be no abatement, off-set, diminution or reduction of Rental payable by Tenant hereunder or of the other obligations of Tenant hereunder under any circumstances.

ARTICLE 22.

PERMITTED USE; NO UNLAWFUL OCCUPANCY

22.01. Compliance. Subject to the provisions of law and this Lease, Tenant shall occupy the Premises in accordance with the Certificate or Certificates of Occupancy for the Premises, the Master Development Plan and the Design Guidelines, and for no other use or purposes.

22.02. Non-Permitted Uses. Tenant shall not use or occupy, nor permit or suffer the Premises or any part thereof to be used or occupied for any unlawful, illegal or extra hazardous business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private) or that Landlord, in its reasonable judgment, deems offensive by reason of odors, fumes, dust, smoke, noise or other pollution, or for any purpose or in any way in violation of the Certificates of Occupancy, the Design Guidelines, or of any Requirements, or which may make void or voidable any insurance then in force on the Premises or, without Landlord's consent, not to be unreasonably withheld, for any use which requires a variance, waiver or special permit under the Zoning Resolution of New York City as then in effect. Tenant shall take, immediately upon the discovery of any such unpermitted, unlawful, illegal or extra hazardous use, all necessary actions, legal and equitable, to compel the discontinuance of such use. If for any reason Tenant shall fail to take such actions, and such failure shall continue for thirty (30) days after notice from Landlord to Tenant specifying such failure, Landlord is hereby irrevocably authorized (but not obligated) to take all such actions in Tenant's name and on

Tenant's behalf. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord acting pursuant to the immediately preceding sentence (including, but not limited to, reasonable attorneys' fees and disbursements), together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment until the date of receipt of repayment by Landlord, shall be paid by Tenant to Landlord within ten (10) days after demand and shall constitute Rental under this Lease.

22.03. No Impairment of Title; Adverse Possession. Tenant shall not knowingly suffer or permit the Premises or any portion thereof to be used by the public in such manner as might reasonably tend to impair title to the Premises or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Premises or any portion thereof.

22.04. Tenant's Performance. Tenant shall take all such actions as Landlord is required to take in connection with the use and occupancy of the Premises under the terms of the Master Lease, and Tenant shall not (to the extent reasonably within Tenant's control) permit any action or condition in respect of the Premises which constitutes or would, with notice or lapse of time or both, constitute an event of default under the Master Lease. Landlord shall perform all obligations of tenant under the Master Lease other than those which are the obligation of Tenant under this Lease.

ARTICLE 23.

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS, REMEDIES, ETC.

23.01. Events of Default Generally. Each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall fail to pay any item of Rental, or any part thereof, when the same shall become due and payable and such failure shall continue for ten (10) days after notice from Landlord to Tenant;

(b) if Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in this Lease, and such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, in which case no Event of Default shall be deemed to exist as long as Tenant shall have commenced curing the same within such thirty (30) day

period and shall, subject to Unavoidable Delays, diligently, continuously and in good faith prosecute the same to completion);

(c) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due;

(d) to the extent permitted by law, if Tenant shall make an assignment for the benefit of creditors;

(e) to the extent permitted by law, if Tenant shall file a voluntary petition under Title 11 of the United States Code or if such petition is filed against it, and an order for relief is entered, or if Tenant shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Tenant, or of all or any substantial part of its properties or of the Premises or any interest therein of Tenant, or if Tenant shall take any corporate action in furtherance of any action described in Section 23.01(c), (d) or (e) hereof;

(f) to the extent permitted by law, if within ninety (90) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest therein of Tenant if such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated;

(g) if Tenant shall abandon the Premises;

(h) if this Lease or the estate of Tenant hereunder shall be assigned, subleased, transferred, mortgaged or encumbered, or there shall be a Transfer, without Landlord's approval to the extent required hereunder or without compliance with the provisions of this Lease applicable thereto and such transaction shall not be made to comply or voided ab initio within thirty (30) days after notice thereof from Landlord to Tenant;

(i) if a levy under execution or attachment shall be made against the Premises and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of thirty (30) days;

(j) if Tenant is a corporation, if Tenant shall at any time fail to maintain its corporate existence in good standing, or to pay any corporate franchise tax when and as the same shall become due and payable and such failure shall continue for thirty (30) days after notice thereof from Landlord or any governmental agency to Tenant; or

(k) if Tenant shall fail to withdraw the Declaration (x) within sixty (60) days from the recording of the Declaration if the Initial Unit Transfer shall not have occurred within such sixty (60) day period and such failure shall continue for thirty (30) days after notice thereof from Landlord to Tenant or (y) (1) within 30 days after notice from Landlord to Tenant that the Declaration is filed in violation of the provisions of Exhibit E with respect to any such violation which Landlord is actually aware (without investigation), or (2) with respect to all other violations (other than those in the foregoing clause (y)(1)), within 30 days of the filing of the Declaration if the Declaration is filed in violation of the provisions of Exhibit E.

23.02. Acceleration of Rental. If an Event of Default shall occur, Landlord may elect to declare due and payable a sum equal to the amount by which the Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of eight percent (8%) per annum, which sum shall be due and payable ten (10) days after notice by Landlord to Tenant of such election. However, the aforesaid remedy shall not be applicable to a Mortgagee which elects to cure the Default of Tenant pursuant to Section 10.10 or receives a new lease pursuant to Section 10.11. Landlord may also elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by Tenant of the applicable provisions of this Lease and/or to recover damages for breach thereof.

23.03. Termination and Surrender.

(a) If (i) any Event of Default described in Section 23.01(c), (d), (e) or (f) hereof shall occur, or (ii) any Event of Default described in Section 23.01 (b), (g), (h), (i), or (j), shall occur and Landlord, at any time thereafter, at its option, gives notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than ten (10) days after the giving of such notice, and if, on the date specified in such notice, Tenant shall have failed to cure the Default which was the basis for the Event of Default, or (iii) an Event of Default described in Section 23.01(a) shall occur and Landlord, at any time thereafter, at its

option, gives notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than five (5) days after the giving of such notice, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if the date on which the Event of Default described in clause (i) above occurred or the date specified in the notice given pursuant to clause (ii) or (iii) above, as the case may be, were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises; provided, however, that if Landlord shall have given Tenant four (4) or more notices stating that this Lease shall expire and terminate and Tenant shall have cured the Defaults that gave rise to the notices, then for a period of three (3) years from the date of the last notice given, Tenant shall not have a right to cure a Default that gives rise to such a notice after such notice has been given. Anything contained herein to the contrary notwithstanding, if such termination shall be stayed by order of any court having jurisdiction over any proceeding described in Section 23.01(e) or (f) hereof, or by federal or state statute, then, following the expiration of any such stay, or if the trustee appointed in any such proceeding, Tenant or Tenant as debtor-in-possession shall fail to assume Tenant's obligations under this Lease within the period prescribed therefor by law or within one hundred twenty (120) days after entry of the order for relief or as may be allowed by the court, or if said trustee, Tenant or Tenant as debtor-in-possession shall fail to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease as provided in Section 23.15 hereof, Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on ten (10) days notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said ten (10) day period this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession and/or trustee shall immediately quit and surrender the Premises as aforesaid.

(b) If this Lease shall be terminated as provided in Section 23.03(a), Landlord, without notice, may re-enter and repossess the Premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise.

23.04. Damages. If this Lease shall be terminated as provided in Section 23.03(a) or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 23.03(b) hereof:

(a) Tenant shall pay to Landlord all Rental payable by Tenant under this Lease to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be;

(b) Landlord may complete all construction required to be performed by Tenant hereunder and may repair and alter the Premises in such manner as Landlord may deem necessary or advisable (and may apply to the foregoing all funds, if any, then held by Depository pursuant to Article 7, 8, or 9) without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as agent of Tenant, and out of any rent and other sums collected or received as a result of such reletting Landlord shall: (i) first, pay to itself the reasonable cost and expense of terminating this Lease, re-entering, retaking, repossessing, completing construction and repairing or altering the Premises, or any part thereof, and the cost and expense of removing all persons and property therefrom, including in such costs brokerage commissions, legal expenses and reasonable attorneys' fees and disbursements, (ii) second, pay to itself the reasonable cost and expense sustained in securing any new tenants and other occupants, including in such costs brokerage commissions, legal expenses and reasonable attorneys' fees and disbursements and other expenses of preparing the Premises for reletting, and, if Landlord shall maintain and operate the Premises, the reasonable cost and expense of operating and maintaining the Premises, and (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. Landlord in no way shall be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Tenant of any liability under this Lease or to otherwise affect any such liability;

(c) if Landlord shall not have declared all Rental due and payable pursuant to Section 23.02 hereof, Tenant shall be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of Section 23.04(b) for any part of such period (first deducting from the rents collected under any such reletting all of the payments to Landlord described in clauses (i) and (ii) of Section 23.04(b) hereof); any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for the payment of installments of Rental, and Landlord shall be entitled to recover from Tenant each Deficiency installment as the same shall arise, and no suit to collect the amount of the Deficiency for any installment period shall prejudice Landlord's right to collect the Deficiency for any subsequent installment period by a similar proceeding; and

(d) if Landlord shall not have declared all Rental due and payable pursuant to Section 23.02 hereof, and whether or not Landlord shall have collected any Deficiency installments as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiencies, as and for liquidated and agreed final damages (it being agreed that it would be impracticable or extremely difficult to fix the actual damage), a sum equal to the amount by which the

Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of eight percent (8%) per annum less the aggregate amount of Deficiencies theretofore collected by Landlord pursuant to the provisions of Section 23.04(c) for the same period; it being agreed that before presentation of proof of such liquidated damages to any court, commission or tribunal, if the Premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

23.05. Obligations Continue. No termination of this Lease pursuant to Section 23.03(a) or taking possession of or reletting the Premises, or any part thereof, pursuant to Sections 23.03(b) and 23.04(b), shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

23.06. To the extent not prohibited by law, Tenant hereby waives and releases all rights now or hereafter conferred by statute or otherwise which would have the effect of limiting or modifying any of the provisions of this Article 23. Tenant shall execute, acknowledge and deliver any instruments which Landlord may reasonably request, whether before or after the occurrence of an Event of Default, evidencing such waiver or release.

23.07. Successive Suits. Suit or suits for the recovery of damages, or for a sum equal to any installment or installments of Rental payable hereunder or any Deficiencies or other sums payable by Tenant to Landlord pursuant to this Article 23, may be brought by Landlord from time to time at Landlord's election, and nothing herein contained shall be deemed to require Landlord to await the date whereon this Lease or the Term would have expired had there been no Event of Default by Tenant and termination of this Lease.

23.08. No Limitation on Damages. Nothing contained in this Article 23 shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount shall be greater than, equal to or less than the amount of the damages referred to in any of the preceding Sections of this Article 23.

23.09. No Reinstatement of Lease, Etc.. Except as expressly provided in Section 23.03 above, no receipt of moneys by Landlord from Tenant after the termination of this Lease, or after the giving of any notice of the termination of this Lease, shall reinstate, continue or extend the Term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rental payable by Tenant hereunder or thereafter

falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupancy of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

23.10. Waiver of Certain Rights. Except as otherwise expressly provided herein or as prohibited by applicable law, Tenant hereby expressly waives the service of any notice of intention to re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Tenant, for and on behalf of itself and all persons claiming through or under Tenant, also waives any and all right of redemption provided by any law or statute now in force or hereafter enacted or otherwise, or right of re-entry or repossession or right to restore the operation of this Lease in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease, and Landlord and Tenant waive and shall waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage. The terms "enter", "re-enter" "entry" or "re-entry" as used in this Lease are not restricted to their technical legal meaning.

23.11. No Waivers. No failure by Landlord or any prior landlord to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rental during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease still continue in full force and effect with respect to any other than existing or subsequent breach thereof.

23.12. Equitable Remedies. In the event of any breach or threatened breach by Tenant of any of the covenants, agreements, terms or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any rights and remedies allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease. To the extent permitted by law Tenant waives any requirement for the posting of bonds or other security in any such action.

23.13. Cumulative Remedies. Each right and remedy of Landlord provided for in this Lease, shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

23.14. Fees and Expenses. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. Tenant also shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in enforcing any of the covenants and provisions of this Lease and incurred in any action brought by Landlord against Tenant on account of the provisions hereof, and all such costs, expenses, and reasonable attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by Landlord against Tenant on or under this Lease. All of the sums paid by Landlord as aforesaid, with interest at the Involuntary Rate from the date of payment by Landlord to the date of payment by Tenant, shall be paid by Tenant to Landlord within fifteen (15) days after demand by Landlord.

23.15. Certain Bankruptcy Provisions. If an order for relief is entered or if a stay of proceeding or other acts becomes effective in favor of Tenant or Tenant's interest in this Lease in any proceeding which is commenced by or against Tenant under the present or any future federal Bankruptcy Code or any other present or future applicable federal, state or other statute or law, Landlord shall be entitled to invoke any and all rights and remedies available to it under such bankruptcy code, statute, law or this Lease, including, without limitation, such rights and remedies as may be necessary to adequately assure the complete and continuous future performance of Tenant's obligations under this Lease. Adequate protection of Landlord's right, title and interest in and to the Premises, and adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, shall include, without limitation, the following requirements:

- (a) that Tenant shall comply with all of its obligations under this Lease;
- (b) that Tenant shall pay to Landlord, on the first day of each month occurring subsequent to the entry of such order, or on the effective date of such stay, a sum equal to the amount by which the Premises diminished in value during the immediately preceding monthly period, but, in no event, an amount which is less than the aggregate Rental payable for such monthly period;

(c) that Tenant shall continue to use the Premises in the manner required by this Lease;

(d) that Tenant shall hire, at its sole cost and expense, such security personnel as may be necessary to insure the adequate protection and security of the Premises;

(e) that Tenant shall pay to Landlord within thirty (30) days after entry of such order or the effective date of such stay, as partial adequate protection against future diminution in value of the Premises and adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, a security deposit as may be required by law or ordered by the court;

(f) that Tenant has and will continue to have unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that sufficient funds will be available to fulfill the obligations of Tenant under this Lease;

(g) that Landlord be granted a security interest acceptable to Landlord in property of Tenant, other than property of any of Tenant's officers, directors, shareholders, employees or partners, to secure the performance of Tenant's obligations under this Lease;

(h) that if Tenant's trustee, Tenant or Tenant as debtor-in-possession assumes this Lease and proposes to assign the same (pursuant to Title 11 U.S.C. Section 365, as the same may be amended) to any Person who shall have made a bona fide offer to accept an assignment of this Lease on terms acceptable to the trustee, Tenant or Tenant as debtor-in-possession, then notice of such proposed assignment, setting forth (i) the name and address of such Person, (ii) all of the terms and conditions of such offer, and (iii) the adequate assurance to be provided Landlord to assure such Person's future performance under the Lease, including, without limitation, the assurances referred to in Title 11 U.S.C. Section 365(b)(3) (as the same may be amended), shall be given to Landlord by the trustee, Tenant or Tenant as debtor-in-possession no later than twenty (20) days after receipt by the trustee, Tenant or Tenant as debtor-in-possession of such offer, but in any event no later than ten (10) days prior to the date that the trustee, Tenant or Tenant as debtor-in-possession shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option, to be exercised by notice to the trustee, Tenant or Tenant as debtor-in-possession, given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such Person, less any brokerage commissions which may be payable out of the consideration to be paid by such Person for the assignment of this Lease.

23.16. No Modifications. Nothing contained in this Article 23 shall be deemed to modify the provisions or Section 10.10, 10.11 or 10.12 hereof.

23.17. Certain Condominium Provisions. Notwithstanding anything to the contrary contained in this Article 23, from and after the Condominium Date, Landlord and Tenant agree that (i) Landlord shall not have the right to terminate this Lease pursuant to Section 23.03(a) or to repossess the Premises or dispossess Tenant pursuant to Section 23.03(b), except as expressly permitted pursuant to the terms of Exhibit E, (ii) Landlord shall not have the right to accelerate any Rental pursuant to Section 23.02, and (iii) Landlord shall not have the right to exercise any comparable right or remedy at law or in equity or otherwise that would result in the termination of this Lease or the dispossession of Unit Owners hereunder (except in the circumstances provided in Exhibit E) or the acceleration of any Rent payable.

ARTICLE 24.

NOTICES

24.01. Notices Generally. Whenever it is provided in this Lease that a notice, demand, request, consent, approval or other communication shall or may be given to or served upon either of the parties by the other, or by Landlord upon any Mortgagee, and whenever either of the parties shall desire to give or serve upon the other any notice, demand, request, consent, approval, or other communication with respect hereto or the Premises, each such notice, demand, request, consent, approval, or other communication shall be in writing and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served as follows:

(a) if by Landlord, by delivery or by mailing the same to Tenant by registered or certified mail, postage prepaid, return receipt requested, addressed to Tenant c/o Glenwood Management Corp., 1200 Union Turnpike, New Hyde Park, New York, 11040, Attention: Gary Jacob, Executive Vice President, with a copy to Fischbein, Badillo, Wagner, Harding, 909 Third Avenue, New York, New York 10022, Attention: Howard A. Kalka, Esq. or to such other address(es) and attorneys as Tenant may from time to time designate by notice given to Landlord as aforesaid and, in the case of any notice required to be given to any Mortgagee pursuant to this Lease, to each such Mortgagee at the address of such Mortgagee set forth in the notice mentioned in the first sentence of Section 10.10(a) hereof; and

(b) if by Tenant, by delivering or by mailing the same to Landlord by registered or certified mail, postage prepaid, return receipt requested, addressed to Landlord at One World Financial Center, New York, New York 10281, Attn: President, or to such other address as Landlord may from time to time designate by notice given to Tenant as aforesaid (with a copy, given in the manner provided above, addressed to the

attention of Landlord's General Counsel, at the address set forth above or at such other address as Landlord may from time to time designate by notice to Tenant as aforesaid).

24.02. Every notice, demand, request, consent, approval, or other communication hereunder shall be deemed to have been given or served when delivered, or if mailed, three (3) Business Days after the date that the same shall have been deposited in the United States mails, postage prepaid, in the manner aforesaid (except that a notice designating the name or address of a person to whom any notice or other communication, or copy thereof, shall be sent shall be deemed to have been given when same is received).

24.03. Master Lease Notices. Landlord shall deliver to Tenant and any Mortgagees a copy of any notice received from the Master Landlord under the Master Lease which affects Tenant's rights or obligations under this Lease.

ARTICLE 25.

MAINTENANCE OF THE CIVIC FACILITIES

25.01. Civic Facilities Generally.

(a) The term "Civic Facilities" shall mean the following improvements located in the North Residential Neighborhood of the Project Area, all of which will be available to subtenants of Tenant for their use and enjoyment in the same manner, and on the same terms and conditions, as are applicable to subtenants of other sites in the Project Area and to the general public:

- (i) Electrical, gas and telephone mains;
- (ii) Water mains;
- (iii) Sanitary and storm sewers;
- (iv) Fire hydrants and Emergency Response Service ("ERS") conduits and boxes;
- (v) Street lighting (conduit, cable, poles, fixtures and connections);
- (vi) Streets;
- (vii) Curbs;

- (viii) Temporary concrete sidewalks;
- (ix) Permanent sidewalks on streets adjacent to the Premises, including planting strip, cobble strip and paving;
- (x) Landscaped esplanade, including appurtenances located within the pierhead line of the Project Area ("North Neighborhood Esplanade");
- (xi) Landscaped park ("Governor Nelson A. Rockefeller Park" or "Rockefeller Park");
- (xii) Vesey Street turnaround area ("Vesey Street Area");
- (xiii) Landscaped triangle on Murray Street ("Murray Street Triangle");
- (xiv) Landscaped median strip on North End Avenue ("Median Parks");
- (xv) A public open space between Sites 19A, 19B, 18A and 18B as described in the Design Guidelines for the North Residential Neighborhood: Parcel 19A, dated 1998 (the "Open Space"); and
- (xvi) Street trees.

Areas described in subparagraphs (xi)-(xv) above are referred to herein as "North Neighborhood Residential Parks".

(b) Tenant acknowledges that all of the Civic Facilities except those described in subparagraphs (vi) and (xv) above have been completed by Landlord. In accordance with the scheduled construction of other buildings in the North Residential Neighborhood, Landlord shall complete the paving of the streets. Landlord shall also modify the street lighting if and to the extent required by the New York City Department of Transportation.

25.02. Maintenance of Civic Facilities. Landlord shall take good care of the Civic Facilities, except for the permanent sidewalks described above, which Tenant shall take good care of, and each party shall keep and maintain the respective Civic Facilities for which it is so responsible in good and safe order and condition and free of accumulations of dirt, rubbish, snow and ice, and shall make all repairs (including structural repairs, restorations and replacements) necessary to maintain the same in first-class condition (collectively, "Maintenance Obligations"). The obligation of Landlord to perform Maintenance Obligations is expressly

conditioned upon Tenant's compliance with Tenant's obligations under Section 25.04. The parties contemplate that Maintenance Obligations for the portion of the Civic Facilities described in subparagraph 25.01(a)(i) shall be performed by the appropriate utility companies and for those portions of the Civic Facilities described in subparagraphs 25.01(a)(ii)-(vii) shall be performed by New York City. Notwithstanding the initial sentence of this Section 25.02, Maintenance Obligations on the part of Landlord in respect of any portion of the Civic Facilities described in subparagraphs 25.01(a)(i)-(vii) shall terminate on the date that the appropriate utility company or New York City, as the case may be, shall commence performance of Maintenance Obligations in respect of same .

25.03. Tenant Self-Help.

(a) Tenant's sole remedies against Landlord for a failure by Landlord to perform its Maintenance Obligations in accordance with Section 25.02 shall be the right to engage in Self-Help and to receive the offset against Civic Facilities Payments provided for in Section 25.03(c) (collectively, the "Approved Remedies"), and no such failure shall entitle Tenant to any other right, remedy or damages against Landlord. Notwithstanding the provisions of Section 25.03(b), Tenant shall not be entitled to exercise any of the Approved Remedies at any time that a Default exists under this Lease. No delay, non-performance or part performance by Landlord under Section 25.02 shall release Tenant from any of its obligations under this Lease. The election by Tenant of any remedy specified in this Section 25.03(a) shall not preclude Tenant from pursuing any other available remedy specifically set forth herein.

(b) If (subject to Unavoidable Delays) Landlord fails to perform any of Landlord's Maintenance Obligations, Tenant (in its own name and not as agent of Landlord) shall have the right (but shall not be obligated) to undertake Landlord's Maintenance Obligations, as the case may be ("Self-Help"), in accordance with the provisions of this Section 25.03(b). Prior to engaging in Self-Help, Tenant shall give Landlord notice specifying the nature of Landlord's failure and advising of Tenant's intention to engage in Self-Help. If Landlord shall not have remedied the failure complained of prior to the thirtieth (30th) day after such notice, Tenant shall be entitled to engage in Self-Help, provided that, if such failure shall be of a nature that the same cannot be completely remedied within said thirty (30) day period, Tenant shall not be entitled to engage in Self-Help if Landlord commences to remedy such failure within such period and thereafter diligently and continuously proceeds to remedy same. A copy of any notice given to Landlord pursuant to this Section 25.03(b) shall be sent to all other tenants of Landlord in the North Residential Neighborhood affected by Landlord's Civic Facilities of whose names and addresses Landlord shall have given Tenant notice, and, in the event Tenant engages in Self-Help, Tenant shall use its best efforts to cooperate with such other tenants and to coordinate any actions taken in furtherance thereof with the actions of any tenant(s) that may elect to engage in Self-Help under the applicable provision(s) of any other lease(s) entered into by Landlord with respect to the North

Residential Neighborhood. In furtherance of Tenant's exercise of the right of Self-Help set forth in this Section 25.03(b), Landlord, upon reasonable notice, shall permit Tenant and its agents or representatives to inspect Landlord's Civic Facilities at all reasonable times for the purpose of determining whether or not Landlord is in compliance with Landlord's Maintenance Obligations. Landlord hereby grants Tenant a right to enter upon Landlord's Civic Facilities in order to perform Self-Help in accordance with this Section 25.03(b). Tenant shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Landlord by reason of Tenant's exercise of the right of Self-Help hereunder, provided Tenant shall use reasonable efforts to minimize such inconvenience, annoyance, disturbance, loss of business or other damage to Landlord caused by Tenant in the exercise of its right of Self-Help.

(c) In the event Tenant engages in Self-Help as provided in Section 25.03(a) with respect to Landlord's Maintenance Obligations, after submission to Landlord of a written statement of Tenant's expenses with supporting documentation, Tenant shall have the right to offset against the next installment(s) of Civic Facilities Payment an amount equal to the reasonable expenses thereby incurred and/or theretofore paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant under this Section 25.03(c) from the date notice is received by Landlord of such payment by Tenant until the date(s) Tenant effectuates the offset(s).

(d) In the event Landlord shall fail to perform Landlord's Maintenance Obligations, Landlord shall incur no penalty or liability and Tenant shall have no remedies or rights other than as expressly provided herein, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under this Lease.

25.04. Payment of Certain Costs.

(a) As its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading the North Neighborhood Residential Parks, the North Neighborhood Esplanade, the Vesey Street Area, the Murray Street Triangle, the Median Parks, any other parks or open spaces within or adjacent to the North Residential Neighborhood, the curbs referred to in Section 25.01(a)(vii) and the street trees referred to in Section 25.01(a)(xvi), including, at Landlord's election, the costs of creating and maintaining a reasonable reserve fund and of insuring the Civic Facilities or any part thereof (such costs being hereinafter referred to as "Operating Costs"), Tenant, for each Lease Year or portion thereof commencing on the Commencement Date and ending on the last day of the Term, shall pay to Landlord an annual sum (the "Civic Facilities Payment") determined as follows:

151 units

5/25/00-5/31/02

(i) for each of the first two Lease Years, an amount equal to the sum of (1) the product obtained by multiplying the number of residential units in the Building by Three Hundred Dollars (\$300.00) and (2) the product derived by multiplying \$.30 by the gross square feet of non-residential floor area other than lobbies (and other common areas) and the space occupied by Landlord, but including any garage in the Building;

6/1/02-5/31/05

(ii) for each of the next three Lease Years, an amount equal to the sum of (1) the product obtained by multiplying the number of residential units in the Building by Three Hundred and Fifty Dollars (\$350.00) and (2) the product derived by multiplying \$.35 by the gross square feet of non-residential floor area other than lobbies and other common areas and the space occupied by Landlord, but including any garage) in the Building;

(iii) for the next succeeding Lease Year and for each Lease Year thereafter, with respect to the North Neighborhood Residential Parks, the sum of (x) an amount equal to the product of (A) the North Neighborhood Residential Parks Budget (as defined below) less any portion thereof attributable to the Open Space, multiplied by (B) .0606 (said figure being computed by dividing the number of square feet of floor area in the Building, by the total number of square feet of floor area in all residential Buildings, including the Building, in the North Residential Neighborhood permitted by the Zoning Resolution of the City of New York, as such number has heretofore been reduced by the Design Guidelines); and

(iv) for the period referred to in the preceding clause (iii), with respect to the North Neighborhood Esplanade, an amount equal to the product of (A) the North Neighborhood Esplanade Budget multiplied by (B) .0606 (said figure being computed as set forth in the preceding clause (iii)).

Except that, in lieu of clauses (iii) and (iv) above, Landlord, at its sole option and at any time, may establish as an alternative method (the "Alternative Method") for determining such allocable share of the Operating Costs and the amount of the Civic Facilities Payment that Tenant would pay as its share an amount equal to the product of (x) sum of the Parks Budget (as defined below) and the Residential Esplanade Budget (as defined below), less amounts payable toward such Budgets by other tenants of Landlord in the Project Area under leases which were originally entered into prior to January 1, 1988 ("Prior Tenants"), multiplied by (y) .0425 (said figure being computed by dividing the number of square feet of floor area in the Building by the total number of square feet of floor area in all residential buildings, including the Building, and the residential area of all other buildings in the Project Area permitted by the Zoning Resolution of the City of New York, as such number has heretofore been reduced by the Design Guidelines pertaining to such residential buildings, less the number of square feet of floor area in the buildings of such Prior Tenants).

Notwithstanding the provisions of the foregoing clause (iii), the amount of the Civic Facilities Payment for any Lease Year referred to therein shall not be greater than one hundred twenty-five percent (125%) of the Civic Facilities Payment for the prior Lease Year.

(b) For each Lease Year commencing with the Lease Year referred to in Section 25.04(a)(iii) (each such Lease Year or portion thereof being hereinafter referred to as a "Payment Period"), Landlord shall submit to Tenant (i) an estimate of the Operating Costs for the North Neighborhood Residential Parks, including all curbs and street trees and reasonable reserves and insurance, if any, for such Payment Period (the "North Neighborhood Residential Parks Budget") and (ii) an estimate of the Operating Costs for the North Neighborhood Esplanade for such Payment Period (the "North Neighborhood Esplanade Budget") (collectively, the "Civic Facilities Budget") and (iii) an estimate of the Operating Costs for the Residential Esplanade (the "Residential Esplanade Budget"). The North Neighborhood Residential Parks Budget shall be an amount computed by multiplying (A) the estimated Operating Costs of all parks (as such term is reasonably defined by Landlord) in or adjacent to the Project Area other than parks situated in the area described in the final sentence of this Section 25.04(b) ("Residential Parks") and all curbs and street trees installed in the Project Area except in the area described as aforesaid (the "Parks Budget") by (B) a fraction, the numerator of which shall be the number of square feet in the North Neighborhood Residential Parks and the denominator of which shall be the total number of square feet in all Residential Parks. The "North Neighborhood Esplanade Budget" shall be an amount computed by multiplying (A) the estimated Operating Costs of the entire Esplanade in the Project Area other than such portion of the Esplanade as extends along the North Cove from (i) the point where the northern line of Liberty Street as extended intersects the North Cove to (ii) the point where the extension of the western line of North End Avenue intersects the North Cove (the "Residential Esplanade") by (B) a fraction, the numerator of which is the number of linear feet of the North Neighborhood Esplanade and the denominator of which is the total number of linear feet of the Residential Esplanade. Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month that occurs within such Payment Period. As soon as shall be practicable after the end of such Payment Period, Landlord shall submit to Tenant a statement setting forth the Operating Costs incurred by Landlord during such Payment Period, together with supporting documentation. Within ten (10) days of the date any such statement and documentation are submitted to Tenant, Tenant shall pay the amount, if any, by which Tenant's allocable share of Operating Costs for the applicable Payment Period exceeds the Civic Facilities Payment made by Tenant during such Payment Period. In the event the Civic Facilities Payment made by Tenant during any Payment Period exceeds Tenant's allocable share of Operating Costs, Tenant shall have the right to offset against the next monthly installments of Civic Facilities Payment the amount of such excess. The area referred to in the second sentence of this Section 25.04(b) is bounded on the south by the northern line of Liberty Street extended west to the North Cove, on the west by proceeding from

said line as extended along North Cove to the extension of the western line of North End Avenue and then along said western line as extended to the southern line of Vesey Street, on the north by proceeding along said southern line to the western line of Marginal Street, Wharf or Place, and on the east by the western line of Marginal Street, Wharf or Place between the southern line of Vesey Street and the northern line of Liberty Street, all as shown on survey L.B.-45-BZ by Benjamin D. Goldberg (Earl B. Lovell-S.P. Belcher, Inc.), prepared February 23, 1983, last amended May 27, 1983.

(c) Notwithstanding any other provision of this Article 25, in the event the Civic Facilities or any portion thereof shall be destroyed or damaged by fire or other casualty or shall have been taken by the exercise of the right of condemnation or eminent domain, if the reasonable cost of restoring or replacing any portion of Landlord's Civic Facilities (including, without limitation, construction costs, bidding costs, attorneys', architects', engineers' and other professional fees and disbursements, and supervisory fees and disbursements) shall exceed the aggregate of the monies available to Landlord therefor from the reserve fund created pursuant to Section 25.04 and the net proceeds, if any, of insurance or condemnation available to Landlord for such purpose, Tenant shall pay to Landlord an amount equal to the product obtained by multiplying .0606 (said figure being computed as set forth in Section 25.04(a)(iii)) by such excess. Landlord shall submit to Tenant a statement setting forth (i) the cost of such restoration or replacement (together with supporting documentation) and (ii) on an itemized basis, the monies available to pay such cost. Within thirty (30) days of the date any such statement and documentation are submitted to Tenant, Tenant shall make the payment provided for above. Notwithstanding the foregoing, in the event Tenant's estate in the Premises shall be submitted to either a cooperative or condominium form of ownership, such payment shall be made within forty-five (45) days of the date any such statement and documentation are submitted to Tenant. All monies payable to Landlord under this Section 25.04(c) shall constitute Rental under this Lease.

(d) Subject to the applicable covenants of Landlord's Master Revenue Bond Resolution adopted October 15, 1993, Landlord shall have the right to transfer to a trust or other entity the responsibility of performing Landlord's Maintenance Obligations and the right to receive installments of the Civic Facilities payment directly from Tenant, and if Landlord shall effect such a transfer, Tenant shall have the right to require such trust or other entity to perform the responsibilities and exercise the rights so transferred notwithstanding any transfer of Landlord's interest in the parcels, or in the leases of the parcels, within the North Residential Neighborhood. Upon such a transfer by Landlord and provided such trust or other entity, in writing, assumes and agrees to perform Landlord's Maintenance Obligations for the benefit of all tenants of parcels within the North Residential Neighborhood, from and after the date of such assumption, Landlord shall have no further liability with respect hereto. Prior to effecting such transfer, Landlord shall consult with Tenant with respect to the composition of such trust or other entity. Landlord shall give Tenant notice of the consummation of any such transfer.

Notwithstanding such transfer, the Civic Facilities Payment shall, at all times, constitute Rental hereunder. Thereafter, for each Lease Year, such trust or other entity shall submit to Tenant the Civic Facilities Budget and other information required by Section 25.04(b) and shall give notice thereof to Tenant in the same manner as would otherwise be required of Landlord. Notwithstanding any transfer of Landlord's Maintenance Obligations, Tenant shall retain the rights provided in this Article 25 with respect to Self-Help and offsets against Civic Facilities Payments.

ARTICLE 26.

STREETS

Landlord represents and warrants that within the Project Area, Chambers Street, River Terrace, North End Avenue, Vesey Street and Warren Street (between North End Avenue and River Terrace) have been mapped as New York City public streets.

ARTICLE 27.

STREET WIDENING

If at any time during the Term any proceedings are instituted or orders made by any Governmental Authority (other than Master Landlord or Landlord acting solely in its capacity as such and not as a Governmental Authority) for the widening or other enlargement of any street contiguous to the Premises requiring removal of any projection or encroachment on, under or above any such street, or any changes or alterations upon the Premises, or in the sidewalks, vaults (other than vaults which are under the control of, or are maintained or repaired by, a utility company), gutters, curbs or appurtenances, Tenant, with reasonable diligence (subject to Unavoidable Delays) shall comply with such requirements, and on Tenant's failure to do so, Landlord may comply with the same in accordance with the provisions of Article 20. Tenant shall be permitted to contest in good faith any proceeding or order for street widening instituted or made by any Governmental Authority, provided that during the pendency of such contest Tenant deposits with Landlord or a Mortgagee that is an Institutional Lender security in amount and form reasonably satisfactory to Landlord for the performance of the work required in the event that Tenant's contest should fail. In no event shall Tenant permit Landlord to become liable for any civil or criminal liability or penalty as a result of Tenant's failure to comply with reasonable diligence (subject to Unavoidable Delays) with any of the foregoing orders. Any widening or other enlargement of any such street and the award or damages in respect thereto shall be deemed a partial condemnation and be subject to the provisions of Article 9.

ARTICLE 28.

SUBORDINATION; ATTORNMENT; FEE MORTGAGES

28.01. No Subordination of Landlord's Interest. Landlord's interest in this Lease, as this Lease may be modified, amended or supplemented, shall not be subject or subordinate to (a) any mortgage now or hereafter placed upon Tenant's interest in this Lease (including, without limitation, any Unit Mortgage) or (b) any other liens or encumbrances hereafter affecting Tenant's interest in this Lease (including, without limitation, a lien filed pursuant to Section 339-z and Section 339-aa of the Real Property Law).

28.02. Attornment. If by reason of (a) a default under the Master Lease, or (b) a termination of the Master Lease pursuant to the terms of the Settlement Agreement, such Master Lease and the leasehold estate of Landlord in the Premises demised hereby are terminated, Tenant will attorn to the then holder of the reversionary interest in the premises demised by this Lease and will recognize such holder as Tenant's Landlord under this Lease. Tenant shall execute and deliver, at any time and from time to time, upon the request of the Landlord or of the Master Landlord any further instrument which may be reasonably necessary or appropriate to evidence such attornment. Tenant waives the provision of any statute or rule of law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event any proceeding is brought by the Master Landlord to terminate the Master Lease, and agrees that this Lease shall not be affected in any way whatsoever by any such proceeding.

28.03. Fee Mortgages. Any mortgage (or other lien or encumbrance) now or hereafter placed on the underlying fee title to the Premises or on the underlying leasehold interest of Landlord under the Master Lease shall be subject and subordinate in all respects to (a) this Lease, including without limitation, the terms of this Lease relating to casualty and condemnation and the disposition and application of the proceeds thereof; (b) the leasehold estate created by this Lease; (c) Tenant's or any Mortgagee's rights under this Lease; and (d) the rights of all persons claiming through or under Tenant. For purposes of this Section 28.03, the term Lease shall mean this Lease or any "new" lease entered into pursuant to Section 10.11 hereof, as either may be amended, modified, restated or replaced from time to time.

ARTICLE 29.

EXCAVATIONS AND SHORING

If any excavation shall be made or contemplated to be made for construction or other purposes upon property adjacent to the Premises, Tenant either:

(a) shall afford to Landlord or, at Landlord's option, to the person or persons causing or authorized to cause such excavation the right to enter upon the Premises in a reasonable manner for the purpose of doing such work as may be necessary, without expense to Tenant, to preserve any of the walls or structures of the Building from injury or damage and to support the same by proper foundations, provided that (i) such work shall be done promptly, in a good and workerlike manner and subject to all applicable Requirements, (ii) Tenant shall have an opportunity to have its representatives present during all such work and (iii) Tenant shall be indemnified by Landlord in the event Landlord performs such excavation, or such other person performing such excavation, as the case may be, against any injury or damage to the Building or persons or property therein which may result from any such work, but shall not have any claim against Landlord for suspension, diminution, abatement, offset or reduction of Rental payable by Tenant hereunder; or

(b) shall do or cause to be done all such work, at Landlord's or such other person's expense, as may be necessary to preserve any of the walls or structures of the Building from injury or damage and to support the same by proper foundations, provided that Tenant shall not, by reason of any such excavation or work, have any claim against Landlord for damages or for indemnity or for suspension, diminution, abatement, offset or reduction of Rental payable by Tenant hereunder.

ARTICLE 30.

CERTIFICATES BY LANDLORD AND TENANT

30.01. Tenant Certificate. At any time and from time to time upon not less than ten (10) days' notice by Landlord, Tenant shall execute, acknowledge and deliver to Landlord or any other party specified by Landlord a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting Rental has been paid, and stating whether or not to the best knowledge of Tenant, Landlord is in default in performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge.

30.02. Landlord Certificate. At any time and from time to time upon not less than ten (10) days' notice by either Tenant or Mortgagee, Landlord shall execute, acknowledge and deliver to Tenant or Mortgagee or any other party specified by Tenant or Mortgagee a statement (a) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting Rental has been paid, and stating whether or not to the best knowledge of Landlord, Tenant is in Default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such

Default of which Landlord may have knowledge and/or (b) stating whether or not Landlord shall recognize a proposed lender (i) as an Institutional Lender and (ii) as a Mortgagee holding a lien first in priority. If Tenant's leasehold interest in the Premises shall be subjected to a condominium form of ownership, Landlord shall not be required to furnish such a certificate with respect to any Unit unless all rent then payable hereunder by the owner of such Unit has been paid and such Unit Owner is not otherwise in default of its obligations under this Lease or the agreement by which such Unit Owner's Unit was acquired.

30.03. Master Landlord Certificate. At the request of Tenant, Landlord shall request a certificate in respect of the Master Lease from Master Landlord, in accordance with Section 20.01 of the Master Lease. If Master Landlord shall fail to deliver such a certificate, then, in lieu thereof, Landlord shall execute, acknowledge and deliver to Tenant a statement certifying that Landlord has not executed and delivered to Master Landlord any instrument modifying the Master Lease (or if Landlord has executed such an instrument, stating the modifications) and that, to the best of Landlord's knowledge, the Master Lease is in full force and effect.

ARTICLE 31.

CONSENTS AND APPROVALS

31.01. Consents in Writing; Future Consents. Except as otherwise expressly set forth in this Lease, all consents and approvals which may be given under this Lease shall, as a condition of their effectiveness, be in writing. The granting of any consent or approval by a party to perform any act requiring consent or approval under the terms of this Lease or the failure on the part of a party to object to any such action taken without the required consent or approval, shall not be deemed a waiver by the party whose consent was required of its right to require such consent or approval for any further similar act.

31.02. Certain Deemed Approvals. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is required, then unless expressly provided otherwise in this Lease, if the party who is to give its consent or approval shall not have notified the other party within fifteen (15) Business Days or such other period as is expressly specified in this Lease after receiving such other party's request for a consent or approval that such consent or approval is granted or denied, and if denied, the reasons therefor in reasonable detail, such consent or approval shall be deemed granted. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld or is subject to a specified standard, then in the event there shall be a final determination that the consent or approval was unreasonably withheld or that such specified standard has been met so that the consent or approval should have been granted, the consent or approval shall be deemed granted and such granting of the consent or approval shall be the only remedy to the party requesting or requiring the consent or approval.

31.03. Unreasonable Delays. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld, such consent or approval shall, in addition, not be unreasonably delayed.

31.04. No Fees. Except as specifically provided herein, no fees or charges of any kind or amount shall be required by either party hereto as a condition of the grant of any consent or approval which may be required under this Lease.

ARTICLE 32.

SURRENDER AT END OF TERM

32.01. Surrender Generally. On the last day of the Term or upon any earlier termination of this Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 23 hereof, Tenant shall, subject to Articles 8 and 9 hereof, well and truly surrender and deliver up to Landlord the Premises in good order, condition and repair, reasonable wear and tear excepted, free and clear of all lettings, occupancies, liens and encumbrances including, without limitation, Unit Owners' rights under any Condominium Plan or otherwise with respect to their Units, other than those, if any, existing at the date hereof, or created by or consented to by Landlord or which lettings and occupancies by their express terms and conditions extend beyond the Expiration Date and which Landlord shall have consented and agreed, in writing, may extend beyond the Expiration Date, without any payment or allowance whatever by Landlord. Tenant hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date.

32.02. Deliveries Upon Termination. On the last day of the Term or upon any earlier termination of the Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 23 hereof, Tenant shall deliver to Landlord Tenant's executed counterparts of all Subleases and any service and maintenance contracts then affecting the Premises, true and complete maintenance records for the Premises, all original licenses and permits then pertaining to the Premises, permanent or temporary Certificates of Occupancy then in effect for the Building, and all warranties and guarantees then in effect which Tenant has received in connection with any work or services performed or Equipment installed in the Building, together with a duly executed assignment, without recourse except as to Recourse Claims, thereof to Landlord, all financial reports, books and records required by Article 37 hereof and any and all other documents of every kind and nature whatsoever relating to the Premises.

32.03. Abandonment of Personal Property. Any personal property of Tenant or of any Subtenant, Tenant-Stockholder, Unit Owner or subtenant of a Tenant-Stockholder or Unit Owner which shall remain on the Premises for ten (10) days after the termination of this Lease and after the removal of Tenant or such Subtenant, Tenant Stockholder, Unit Owner or subtenant

of a Tenant-Stockholder or Unit Owner from the Premises, may, at the option of Landlord, be deemed to have been abandoned by Tenant or such Subtenant, Tenant-Stockholder, Unit Owner or subtenant of a Tenant Stockholder or Unit Owner and either may be retained by Landlord as its property or be disposed of, without accountability, in such manner as Landlord may see fit. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant or any Subtenant, Tenant-Stockholder, Unit Owner or subtenant of a Tenant-Stockholder or Unit Owner.

32.04. Survival. The provisions of this Article 32 shall survive any termination of this Lease.

ARTICLE 33.

ENTIRE AGREEMENT

This Lease, together with the Exhibits hereto, contains all the promises, agreements, conditions, inducements and understandings between Landlord and Tenant relative to the Premises and there are no promises, agreements, conditions, understandings, inducements, warranties, or representations, oral or written, expressed or implied, between them other than as herein or therein set forth and other than as may be expressly contained in any written agreement between the parties executed simultaneously herewith.

ARTICLE 34.

QUIET ENJOYMENT

Landlord only covenants that Tenant shall and may (subject, however, only to the exceptions, reservations, terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Premises for the term hereby granted without molestation or disturbance by or from Landlord or any Person claiming through Landlord and free of any encumbrance created or suffered by Landlord, except only those encumbrances, liens or defects of title, created or suffered by Tenant, the Existing Subleases and the Title Matters.

ARTICLE 35.

ARBITRATION

In such cases where this Lease expressly provides for the settlement of a dispute or question by arbitration, and only in such cases, the party desiring arbitration shall appoint a disinterested person as arbitrator on its behalf and give notice thereof to the other party (and, if the party giving such notice is Landlord, a copy of such notice shall be given at the same time

and in the same manner to any Mortgagee who is then entitled to receive copies of Notices of Default under Section 10.10(a)) who shall, within fifteen (15) days thereafter, appoint a second disinterested person as arbitrator on its behalf and give notice thereof to the first party. The two (2) arbitrators thus appointed shall together appoint a third disinterested person within fifteen (15) days after the appointment of the second arbitrator, and said three (3) arbitrators shall, as promptly as possible, determine the matter which is the subject of the arbitration and the decision of the majority of them shall be conclusive and binding on all parties and judgment upon the award may be entered in any court having jurisdiction. If a party who shall have the right pursuant to the foregoing to appoint an arbitrator fails or neglects to do so, then and in such event, the other party (or if the two (2) arbitrators appointed by the parties shall fail to appoint a third arbitrator when required hereunder, then either party) may apply to the American Arbitration Association (or any organization successor thereto), or in its absence, refusal, failure or inability to act, may apply for a court appointment of such arbitrator. The arbitration shall be conducted in the City and County of New York and, to the extent applicable and consistent with this Article 35, shall be in accordance with the Commercial Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function. The expenses of arbitration shall be shared equally by Landlord and Tenant but each party shall be responsible for the fees and disbursements of its own attorneys and the expenses of its own proof. Landlord and Tenant shall sign all documents and to do all other things necessary to submit any such matter to arbitration and further shall, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease and their jurisdiction is limited accordingly. If the arbitration concerns any Capital Improvement or Restoration, then each of the arbitrators shall be a licensed professional engineer or registered architect having at least ten (10) years' experience in the design of residential buildings, and, to the extent applicable and consistent with this Article 35, such arbitration shall be conducted in accordance with the Construction Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function.

ARTICLE 36.

INVALIDITY OF CERTAIN PROVISIONS

If any term or provision of this Lease or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 37.

FINANCIAL REPORTS

37.01. Reporting Generally. Tenant shall furnish to Landlord the following:

(a) as soon as practicable after the end of each fiscal year of Tenant, and in any event within one hundred and fifty (150) days thereafter, Tenant shall furnish to Landlord financial statements of operations of the Premises, for such year, setting forth in each case, in comparative form, the corresponding figures for the previous fiscal year, all in reasonable detail and accompanied by a report and opinion thereon of a Certified Public Accountant approved by Landlord, which approval shall not be unreasonably withheld, which report and opinion shall be prepared in accordance with generally accepted accounting principles consistently applied;

(b) if Tenant's leasehold estate in the Premises shall have been submitted to either a cooperative or condominium form of ownership, as soon as practicable after the end of each fiscal year of such cooperative or condominium and, in any event, within one hundred and fifty (150) days after the end of such fiscal year, the annual financial report of the Apartment Corporation or condominium which is submitted by the Apartment Corporation or Condominium Board to Tenant-Stockholders or Unit Owners, as the case may be;

(c) within 30 days after the end of each calendar quarter, a certified list of all Subleases then subject to the Rent Program as well as certified copies of all Subleases subject to the Rent Program which have been executed during such calendar quarter.

37.02. Copies to Landlord. Upon Landlord's request, if at any time Tenant shall furnish to any Mortgagee operating statements or financial reports in addition to those required to be furnished by Tenant to Landlord pursuant to Section 37.01, Tenant promptly shall furnish to Landlord copies of all such additional operating statements and financial reports. Except to the extent necessary in Landlord's reasonable judgment for Landlord to obtain, extend or modify any financing relating to the Project, Landlord shall use its best efforts to avoid disclosure of any information set forth therein (but shall incur no liability to Tenant if Landlord reasonably believes it is complying with any provision of applicable law requiring such disclosure).

37.03. Records. Tenant shall keep and maintain at all times full and correct records and books of account of the operations of the Premises in accordance with such generally accepted accounting standards and otherwise in accordance with any applicable provisions of each Mortgage and accurately shall record and preserve for a period of six (6) years the record of its operations upon the Premises. Within twenty (20) days after request by Landlord, Tenant shall make said records and books of account available from time to time for inspection by

Landlord and Landlord's designee during reasonable business hours at a location designated by Tenant in New York City. At any time at which Tenant shall make said records and books of account available for inspection, it may inform Landlord of its belief that the public disclosure of the information contained therein or any part thereof would cause substantial injury to the competitive position of Tenant's enterprise and request that to the extent permitted by law Landlord attempt to avoid such disclosure. In the event Tenant makes such request, Landlord shall use its best efforts to avoid such disclosure (but shall incur no liability to Tenant if Landlord reasonably believes it is complying with any provision of applicable law requiring such disclosure).

ARTICLE 38.

RECORDING OF MEMORANDUM

Either Landlord or Tenant may record a memorandum of this Lease or a memorandum of any amendment or modification of this Lease. Each shall, upon the request of the other, join in the execution of a memorandum of this Lease or a memorandum of any amendment or modification of this Lease in proper form for recordation together with any transfer tax returns or forms necessary for such recordation.

ARTICLE 39.

NO DISCRIMINATION

39.01. No Discrimination Generally.

(a) Tenant, in the sale, transfer or assignment of its interest under this Lease, or in its use, operation or occupancy of the Premises and employment and conditions of employment in connection therewith, or in the subletting of the Premises or any part thereof, or in connection with the maintenance, repair, Restoration, alteration or replacement of, or addition to, the Building or the Civic Facilities (a) shall not discriminate, shall prohibit discrimination, and (to the extent reasonably under Tenant's control) shall not permit discrimination against any person by reason of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status, (b) shall comply with all applicable Federal, State and local laws, ordinances, rules and regulations from time to time in effect and the provisions of the Master Lease prohibiting such discrimination or pertaining to equal employment opportunities and (c) shall take affirmative action to ensure that employees and applicants for employment are Treated without regard to their race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status. As used herein, the term "Treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means;

compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated. Tenant will post in conspicuous places in the Building, available to employees of Tenant and applicants for employment, notices provided by Landlord setting forth the language of this non-discrimination provision; and

(b) Tenant will, in all solicitations or advertisements for employees placed by or on behalf of Tenant, state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin;

(c) Tenant will send each labor union or other representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of Tenant's agreement as contained in this Section and a copy thereof shall be sent to Landlord within three (3) days of notification to such union or representative;

(d) Tenant will furnish to Landlord all information required by Landlord pursuant to this Section and will permit access by Landlord to its books, records, and accounts for the purposes of investigation to ascertain compliance with this Section;

(e) Tenant shall furnish such compliance reports ("Compliance Reports") as may from time to time be reasonably required by Landlord, such reports to contain information as to Tenants' practices, policies, programs, employment policies and employment statistics. Such Compliance Reports shall, if Landlord so requests, contain the following additional information:

(i) information as to the practices, policies, programs, employment policies and employment statistics of Tenant; and

(ii) if Tenant has a collective bargaining agreement or other contract or understanding with a labor union or an agency referring workers or providing or supervising apprenticeship or training for such workers, such information as to such labor union's or agency's practices and policies affecting compliance as Landlord may reasonably require, provided that to the extent such information is within the exclusive possession of a labor union or an agency referring workers or providing or supervising apprenticeship or training, and such labor union or agency shall refuse to furnish such information to Tenant, Tenant shall so certify to Landlord as part of its Compliance Report and shall set forth what efforts it has made to obtain such information.

(f) With respect to any Restoration or Capital Improvement, all persons employed by Tenant will be paid, without subsequent deduction or rebate unless expressly authorized by law, not less than the minimum hourly rate required by law.

39.02. Construction Agreement Provisions. Tenant shall be bound by and shall include the following paragraphs (a) through (e) of this Section 39.02 (or provisions substantially the same) in any written Construction Agreement, service or management agreement or agreement for the purchase of goods or services or any other agreements relating to the operation of the Premises, in each case only where the aggregate payments under such agreement exceed \$15,000 (as such amount shall be increased as provided in Section 7.02(a)), in such manner that these provisions shall be binding upon the parties with whom such agreements are entered into (any party being bound by such provisions shall be referred to in this Section as "Contractor"):

(a) Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status, shall comply with all applicable Federal, State and local laws, ordinances, rules and regulations from time to time in effect and the provisions of the Master Lease prohibiting such discrimination or pertaining to equal employment opportunities and shall undertake programs of affirmative action to ensure that employees and applicants for employment are afforded equal employment opportunities without discrimination. Such action shall be taken with reference to, but not limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.

(b) Contractor shall request each employment agency, labor union and authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish it with a written statement that such employment agency, labor union or representative will not discriminate because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status and that such agency, union or representative will cooperate in the implementation of Contractor's obligations hereunder.

(c) Contractor shall state in all solicitations or advertisements for employees placed by or on behalf of Contractor that all qualified applicants shall be afforded equal employment opportunities without discrimination because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status.

(d) Contractor shall comply with all of the provisions of the Civil Rights Law of the State of New York and Sections 291-299 of the Executive Law of the State of New York, shall upon reasonable notice furnish all information and reports deemed reasonably necessary by Landlord and shall permit access to its relevant books,

records and accounts for the purpose of monitoring compliance with the Civil Rights Law and such sections of the Executive Law.

(e) Contractor shall include in any written agreement with subcontractor providing for aggregate payments to such subcontractor in excess of \$15,000 (as such amount shall be increased in accordance with Section 7.02(a)) the foregoing provisions of paragraphs (a) through (d) (or provisions substantially the same) in such a manner that said provisions shall be binding upon the subcontractor and enforceable by Contractor, Tenant and Landlord. Contractor shall take such action as may be necessary to enforce the foregoing provisions. Contractor shall promptly notify Tenant and Landlord of any litigation commenced by or against it arising out of the application or enforcement of these provisions, and Tenant and Landlord may intervene in any such litigation.

ARTICLE 40.

CONVERSION TO CONDOMINIUM FORM OF OWNERSHIP

40.01. Generally.

(a) Tenant's leasehold estate in the Premises under this Lease may be submitted to the condominium form of ownership pursuant to the Condominium Act and the terms and provisions of Exhibit E annexed hereto and made a part hereof.

(b) This Lease shall, after the Condominium Date, remain in full force and effect, provided that to the extent that after the Condominium Date any of the provisions of Exhibit E conflict with the other provisions of this Lease, the terms and provisions of Exhibit E shall prevail.

ARTICLE 41.

EASEMENTS

41.01. Certain Easements.

(a) Pursuant to Article 35 of the School Lease, the landlord thereunder has certain easements and rights of entry in, on, and over the School Premises for support on and over the School Premises for the Building, as well as for access to and to install, construct, use, maintain and make repairs, replacements and substitutions to the Structural Supports and the Building (collectively, the "Structural Support Easement").

(b) During the term of this Lease and for so long as Landlord is the landlord under the School Lease and subject to the terms and conditions of the School Lease and the provisions of this Article 41, Tenant may exercise, on Tenant's and Landlord's behalf, all of the rights of Landlord pursuant to the Structural Support Easement and shall in all respects be a beneficiary thereof.

(c) Tenant shall give at least five (5) days' prior written notice to Landlord of Tenant's intent to exercise its rights of access and entry pursuant to the Structural Support Easement, or in the event of an emergency, such shorter time period as is reasonable under the circumstances.

41.02. Terms of Entry. The easements and rights of entry granted herein shall be subject to the following terms and conditions:

(a) such entry shall be at reasonably convenient times and on prior notice to the School Tenant, except in the event of any emergency;

(b) the Landlord and the School Tenant shall have the right to have a representative present at all times during such entry;

(c) such entry shall not unreasonably interfere with the normal use and enjoyment of the School Premises and shall be conducted in a manner which minimizes such interference; and

(d) all work performed pursuant to such easements and rights shall be performed in accordance with all Requirements and the following conditions:

(i) the labor employed for the performance of the work shall be compatible with the labor otherwise employed at the School Premises;

(ii) any pipes, ducts or conduits installed in connection with such work shall be concealed in the walls, floors or ceilings, without materially reducing useable areas of the School Premises;

(iii) any damage to property resulting from such work shall be promptly repaired by the Tenant;

(iv) Tenant shall indemnify and hold harmless Landlord and School Tenant from and against any claim, liability, loss, cost, damage and expense (including reasonable attorneys' fees and expenses) arising out of or in connection with such work;

(v) all permits needed to comply with the Requirements shall be obtained by Tenant and copies thereof shall be delivered to the Landlord prior to commencement of the work; and

(vi) if any work materially affects the structural components of either the School Premises or the Building, the Tenant shall cause a licensed engineer specializing in structural engineering or design to certify to the other party that the structural integrity of the School Premises or the Building, as the case may be, will not be impaired as a result of such work.

41.03. Declaration of Easements. Reference is made to the Declaration of Easements of even date herewith being made by Landlord, as landlord under the School Lease, for the benefit of Tenant and intended to be recorded concurrently with the Memorandum of this Lease, which instrument is intended to continue the aforesaid easements and right of entry for the benefit of Tenant, at such time, if any, as Landlord is no longer the landlord under the School Lease.

ARTICLE 42.

MISCELLANEOUS

42.01. Captions. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

42.02. Table of Contents. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Lease or as supplemental thereto or amendatory thereof.

42.03. Certain References. The use herein of the neuter pronoun in any reference to Landlord or Tenant shall be deemed to include any individual Landlord or Tenant, and the use herein of the words "successors and assigns" or "successors or assigns" of Landlord or Tenant shall be deemed to include the heirs, legal representatives and assigns of any individual Landlord or Tenant.

42.04. Depository's Fees. Depository may pay to itself out of the monies held by Depository pursuant to this Lease its reasonable charges for services rendered hereunder. Tenant shall pay Depository any additional charges for such services.

42.05. Tenant Signatures: Joint and Several Liability. If more than one entity is named as or becomes Tenant hereunder, Landlord may require the signatures of all such entities in connection with any notice to be given or action to be taken by Tenant hereunder except to the extent that any such entity shall designate another such entity as its attorney-in-fact to act on its behalf, which designation shall be effective until receipt by Landlord of notice of its revocation. Each entity named as Tenant shall be fully liable for all of Tenant's obligations hereunder. Any notice by Landlord to any entity named as Tenant shall be sufficient and shall have the same force and effect as though given to all parties named as Tenant. If all such parties designate in writing one entity to receive copies of all notices, Landlord agrees to send copies of all notices to that entity.

42.06. Landlord's Limit of Liability. The liability of Landlord or of any Person who has at any time acted as Landlord hereunder for damages or otherwise shall be limited to Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability (personal or otherwise) hereunder beyond Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises, and no other property or assets of Landlord or any such Person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

42.07. Tenant's Limit of Liability. Except as to Recourse Claims, the liability of Tenant or of any Person who has at any time acted as Tenant hereunder for damages or otherwise shall be limited to Tenant's interest in the Premises, including without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises. Neither Tenant nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability (personal or otherwise) hereunder beyond Tenant's interest in the Premises, and no other property or assets of Tenant or any such Person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

42.08. No Merger. Except as otherwise expressly provided in this Lease, no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or

any part thereof shall be deemed to have occurred by reason of the same Person acquiring or holding, directly or indirectly, this Lease or the leasehold estate created hereby or any interest in this Lease or in such leasehold estate as well as the fee estate in the Premises, unless such merger shall have been effectuated by an affirmative act of such Person which shall have been memorialized in writing and placed of public record.

42.09. Sanitation. Tenant shall store all refuse from the Premises off the streets in an enclosed area on the Premises, and in a manner reasonably satisfactory to Landlord and in accordance with the requirements of municipal and/or private sanitation services serving the Premises.

42.10. Brokers. Each of the parties represents to the other that it has not dealt with any broker, finder or like entity in connection with this lease transaction other than Eastern Consolidated Properties, Inc., the commission for whom shall be paid by Landlord pursuant to a separate agreement. If any claim is made by any other Person who shall claim to have acted or dealt with Tenant or Landlord in connection with this transaction, Tenant or Landlord as the case may be, will pay the brokerage commission, fee or other compensation to which such Person is entitled, shall indemnify and hold harmless the other party hereto against any claim asserted by such Person for any such brokerage commission, fee or other compensation and shall reimburse such other party for any costs or expenses including, without limitation, reasonable attorneys' fees and disbursements, incurred by such other party in defending itself against claims made against it for any such brokerage commission, fee or other compensation.

42.11. Written Instruments. This Lease may not be changed, modified, or terminated orally, but only by a written instrument of change, modification or termination executed by the party against whom enforcement of any change, modification, or termination is sought.

42.12. Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

42.13. Binding Effect. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective successors and (except as otherwise provided herein) assigns.

42.14. Section References. All references in this Lease to "Articles", "Sections" or "paragraphs" shall refer to the designated Article(s), Section(s) or paragraph(s), as the case may be, of this Lease.

42.15. Rights to Plans. All of Tenant's right, title and interest in all plans and drawings required to be furnished by Tenant to Landlord under this Lease shall become the sole and absolute property of Landlord upon the Expiration Date or any earlier termination of this Lease. Tenant shall deliver all such documents to Landlord promptly upon the Expiration Date

or any earlier termination of this Lease. Tenant's obligation under this Section 42.15 shall survive the Expiration Date.

42.16. Licensed Professionals. All references in this Lease to "licensed professional engineer", "licensed surveyor" or "registered architect" shall mean a professional engineer, surveyor or architect who is licensed or registered, as the case may be, by the State of New York.

42.17. Transfers of Landlord's Interest. If Battery Park City Authority or any successor to its interest hereunder ceases to have any interest in the Premises as lessee under the Master Lease or there is at any time or from time to time any sale or sales or disposition or dispositions or transfer or transfers of Landlord's interest in the Premises as lessee under the Master Lease, the seller or transferor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Landlord hereunder to be performed on or after the date of such sale or transfer relative to the interest sold or transferred, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the Person who acquires or owns the lessee's interest in the Premises under the Master Lease, including, without limitation, the purchaser or transferee in any such sale, disposition or transfer, and any fee owner of the Premises upon termination of the Master Lease, that, subject to the provisions of Section 42.06, such Person has assumed and agreed to carry out any and all agreements, covenants and obligations of Landlord hereunder accruing from and after the date of such acquisition, sale or transfer.

42.18. Transfer of Tenant's Interest. If the Tenant named herein or any successor to its interest hereunder ceases to have any interest in the Premises under this Lease or there is at any time or from time to time any valid sale or sales or disposition or dispositions or transfer or transfers of the Tenant's or any successor's entire interest in the Premises in accordance with the provisions of Article 10, the Tenant named herein or any such successor, as the case may be, shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Tenant hereunder to be performed on or after the date of such sale or transfer, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the Person who acquires or owns the Tenant's interest in the Premises under this Lease, including, without limitation, the purchaser or transferee in any such sale, disposition or transfer, that, such Person has, subject to Section 42.07, assumed and agreed to carry out any and all agreements, covenants and obligations of Tenant hereunder accruing from and after the date of such acquisition, sale or transfer.

42.19. Certain Amendments. Tenant shall not be bound by any amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement or Design Guidelines entered into by Landlord or caused to be entered into by Landlord, which (a) increases or materially adversely alters Tenant's obligations under this Lease, (b) decreases or materially adversely alters Tenant's rights to operate, maintain or restore the Building under this Lease, (c) limits the permitted uses of the Premises hereunder or the

Civic Facilities, (d) limits Tenant's rights under this Lease to dispose of or assign its interest in the Premises hereunder or (e) decreases or alters the rights of a Mortgagee under this Lease, unless in any such event the same is consented to in writing by Tenant (or, in the case of (e), by the Senior Mortgagee or such Mortgagee) or is made subject and subordinate to this Lease and such rights of such Mortgagee.

42.20. No Partnership. Nothing herein is intended nor shall be deemed to create a joint venture or partnership between Landlord and Tenant, nor to make Landlord in any way responsible for the debts or losses of Tenant.

42.21. Tenant's Tax Benefits. To the extent permitted by law, Tenant shall have the right to all depreciation deductions, investment tax credits and other similar tax benefits attributable to any construction, demolition and Restoration performed by Tenant or attributable to the ownership of the Building, and in this regard it is agreed that during the Term, Tenant shall enjoy all the benefits and bear all the burdens of ownership of the Building, notwithstanding that Landlord shall hold legal title to the Building. Landlord, from time to time, shall execute and deliver such instruments as Tenant shall reasonably request in order to effect the provisions of this Section 42.21, and Tenant shall pay Landlord's reasonable costs and expenses thereof. Landlord makes no representations as to the availability of any such deductions, credits or tax benefits.

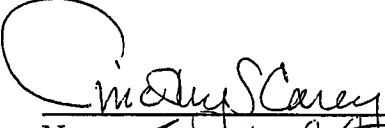
42.22. Battery Park City. Tenant shall have the right to use the name Battery Park City in any advertising and promotional materials in connection with the leasing of rental units or the sale of Cooperative Apartments or Units in the Building.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

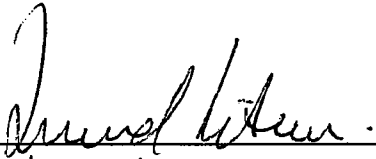
**BATTERY PARK CITY AUTHORITY
d/b/a HUGH L. CAREY BATTERY PARK CITY
AUTHORITY**

By:


Name: Timothy S. Carey
Title: President

TRIBECA NORTH END LLC

By:


Name: Leonard Litwin
Title: Manager

SCHEDULE 1

Base Rent; Minimum PILOT

Lease Year	Base Rent Per Annum	Minimum PILOT Per Annum	Assumed Total Payment Applies to Lease Year's 1-3 Only
5/25/00-5/31/01 1	Assumed Total Payment less PILOT	\$2,185,934	\$2,764,324
6/1/01-5/31/02 2	See Section 3.01(a)(i) Assumed Total Payment less PILOT	2,251,512	2,829,902
6/1/02-5/31/03 3	See Section 3.01(a)(i) Assumed Total Payment less PILOT	2,319,057	2,897,447
6/1/03-5/31/04 4	See Section 3.01(a)(i) \$578,390	1,864,186	-
5	578,390	1,920,112	-
6	665,148	1,977,715	-
7	665,148	2,037,046	-
8	665,148	2,098,158	-
9	665,148	2,161,102	-
10	665,148	2,225,936	-
11	764,921	2,292,714	-
12	764,921	2,361,495	-
13	764,921	2,432,340	-
14	764,921	2,505,310	-
15	764,921	2,580,469	-
16	879,659	2,657,883	-
17	879,659	2,737,620	-
18	879,659	2,819,749	-
19	879,659	2,904,341	-
20	879,659	2,991,471	-
21	1,011,608	3,081,215	-
22	1,011,608	3,173,652	-
23	1,011,608	3,268,861	-
24	1,011,608	3,366,927	-
25	1,011,608	3,467,935	-

(*) BASE RENT MAY CHANGE ON JULY 1. THE LEASE YEAR IS FROM JUNE 1 - MAY 31

See Section 3.01(a)(i)
for minimum PILOT

Minimum Pilot for Lease Years 26 through the Expiration Date shall increase by 3% annually over the Minimum Pilot for the preceding Lease Year.

EXHIBIT A

DESCRIPTION OF THE DEMISED SPACE

ALL THAT CERTAIN plot, piece or parcel of land situate, lying and being in the Borough of Manhattan, City of New York and State of New York, described in Section 1 below and the volume of space arising therefrom, less and except the portions thereof more particularly described in Section 2 below:

Section 1

BEGINNING at the intersection of the southerly line of Chambers Street and the easterly line of North End Avenue;

(w) thence south 88 degrees 07 minutes 10 seconds east along the southerly line of Chambers Street, a distance of 105.79 feet to the point of intersection of the westerly line of Marginal Street, Wharf or Place and the southerly line of Chambers Street;

(x) thence south 18 degrees 36 minutes 00 seconds east along the westerly line of Marginal Street, Wharf or Place, forming an interior angle of 110 degrees 28 minutes 50 seconds from the preceding course, a distance of 26.21 feet to a point;

(y) thence south 19 degrees 10 minutes 32 seconds east continuing along the westerly line of Marginal Street, Wharf or Place, forming an interior angle to 180 degrees 34 minutes 32 seconds from the preceding course, a distance of 69.63 feet to a point;

(z) thence south 18 degrees 42 minutes 43 seconds east still continuing along the westerly line of Marginal Street, Wharf or Place, forming an interior angle of 179 degrees 32 minutes 11 seconds from the preceding course, a distance of 113.73 feet to the point of intersection of the westerly line of Marginal Street, Wharf or Place and the northerly line of Warren Street;

(aa) thence north 88 degrees 07 minutes 10 seconds west along the northerly line of Warren Street, forming an interior angle of 69 degrees 24 minutes 27 seconds from the preceding course, a distance of 179.98 feet to the point of intersection of the northerly line of Warren Street and the easterly line of North End Avenue;

(bb) thence north 1 degree 52 minutes 50 seconds east along the easterly line of North End Avenue, forming an interior angle of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 196.00 feet to the point of beginning.

As shown on Final Survey of Residence for Parcel 22 at Battery Park City, Borough of Manhattan, City of New York, State of New York made by Lockwood, Kessler & Bartlett, Inc. on 3/17/00.

Section 2

EXCEPTING THEREFROM THE FOLLOWING SIX INCLUSIVE LEVELS FOR THE SCHOOL BUILDING:

Level A (School 1st Floor)

Being limited in the vertical plane, the minimum lower limit being at - 4 feet 3 inches and maximum upper limit being + 15 feet 4½ inches.

All that certain plot, piece or parcel of land situate, lying and being in the Borough of Manhattan, City of New York and State of New York, and being part of Battery Park City North, and more particularly bounded and described as follows:

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, also being the Point or Place of Beginning the following 14 courses;

(cc) thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street, a distance of 105.79 feet to the west side of Marginal Street;

(dd) thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet;

(ee) thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(ff) thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(gg) thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street, forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 92.45 feet;

(hh) thence North 01 degrees 52 minutes 50 seconds East, through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 35.84 feet;

(ii) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 11.28 feet;

(jj) thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 6.61 feet;

(kk) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 43.87 feet;

(ll) thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 93.71 feet;

(mm) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 29.98 feet;

(nn) thence South 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.92 feet;

(oo) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 to the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.40 feet;

(pp) thence North 01 degrees 52 minutes 50 seconds East, along the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 60.75 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

Level B (School 2nd Floor)

Being limited in the vertical plane, the minimum lower limit being at + 15 feet 4½ inches and maximum upper limit being 32 feet 0½ inches.

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, also being the Point or Place of Beginning the following 14 courses;

(a) thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street a distance of 105.79 feet to the west side of Marginal Street;

(b) thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet;

(c) thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(d) thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(e) thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 106.56 feet;

(f) thence North 01 degrees 52 minutes 50 seconds East, through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.59 feet;

(g) thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.33 feet;

(h) thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 18.53 feet;

(i) thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.50 feet;

(j) thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 21.33 feet;

(k) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 43.87 feet;

(l) thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 93.71 feet;

(m) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 29.98 feet;

(n) thence South 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.92 feet;

(o) thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 to the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.40 feet;

(p) thence North 01 degrees 52 minutes 50 seconds East, along the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 60.75 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

Level C (School 3rd Floor)

Being limited in the vertical plane, the minimum lower limit being at + 32 feet 0½ inches and maximum upper limit being + 46 feet 11⅞ inches.

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, also being the Point or Place of Beginning the following 16 courses;

(a) Thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street, a distance of 105.79 feet to the west side of Marginal Street;

(b) Thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet;

(c) Thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(d) Thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(e) Thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 106.56 feet;

(f) Thence North 01 degrees 52 minutes 50 seconds East, through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.59 feet;

(g) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.33 feet;

(h) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 18.53 feet;

(i) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.50 feet;

(j) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 21.33 feet;

(k) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 43.87 feet;

(l) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 93.71 feet;

(m) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 29.98 feet;

(n) Thence South 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.92 feet;

(o) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 to the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.40 feet;

(p) Thence North 01 degrees 52 minutes 50 seconds East, along the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 60.75 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

Level D (School 4th Floor)

Being limited in the vertical plane, the minimum lower limit being at + 46 feet 11⁷/₈ inches and maximum upper limit being + 61 feet 11¹/₄ inches.

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, also being the Point or Place of Beginning the following 16 courses;

(a) Thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street, a distance of 105.79 feet to the west side of Marginal Street;

(b) Thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet;

(c) Thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(d) Thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(e) Thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 106.56 feet;

(f) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.59 feet;

(g) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.33 feet;

(h) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 18.53 feet;

(i) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.50 feet;

(j) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 21.33 feet;

(k) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 43.87 feet;

(l) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 93.71 feet;

(m) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 29.98 feet;

(n) Thence South 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.92 feet;

(o) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 to the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.40 feet;

(p) Thence North 01 degrees 52 minutes 50 seconds East, along the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 60.75 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

Level E (School 5th Floor)

Being limited in the vertical plane, the minimum lower limit being at + 61 feet 11¼ inches and maximum upper limit being + 81 feet 1 5/8 inches.

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, also being the Point or Place of Beginning the following 16 courses;

(a) Thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street, a distance of 105.79 feet to the west side of Marginal Street;

(b) Thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet;

(c) Thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(d) Thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(e) Thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 106.56 feet;

(f) Thence North 01 degrees 52 minutes 50 seconds East, through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.59 feet;

(g) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.33 feet;

(h) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 18.53 feet;

(i) Thence South 88 degrees 07 minutes 10 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.50 feet;

(j) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 21.33 feet;

(k) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 43.87 feet;

(l) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 93.71 feet;

(m) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 29.98 feet;

(n) Thence South 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 0.92 feet;

(o) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 to the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.40 feet;

(p) Thence North 01 degrees 52 minutes 50 seconds East, along the easterly line of North End Avenue forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 60.75 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

Level F (School 6th Floor Roof)

Being limited in the vertical plane, the minimum lower limit being at + 77 feet 6³/₈ inches and maximum upper limit being + 98 feet 4³/₈ inches.

Commencing at the intersection of the south line of Chambers Street and the east line of North End Avenue, South 88 degrees 07 minutes 10 seconds East along the south line of Chambers Street a distance of 50.67 feet to the Point or Place of Beginning;

(a) Thence South 88 degrees 07 minutes 10 seconds East, along the south line of Chambers Street, a distance of 55.12 feet to the west side of Marginal Street;

(b) Thence South 18 degrees 36 minutes 00 seconds East, along the west line of Marginal Street forming an angle to right of 249 degrees 31 minutes 10 seconds from the preceding course, a distance of 26.21 feet,

(c) Thence South 19 degrees 10 minutes 32 seconds East, continuing along the west line of Marginal Street forming an angle to right of 179 degrees 25 minutes 28 seconds from the preceding course, a distance of 69.63 feet;

(d) Thence South 18 degrees 42 minutes 43 seconds East, continuing along the west side of Marginal Street forming an angle to right of 180 degrees 27 minutes 49 seconds from the preceding course, a distance of 113.73 feet to the north line of Warren Street;

(e) Thence North 88 degrees 07 minutes 10 seconds West, along the north line of Warren Street forming an angle to right of 290 degrees 35 minutes 33 seconds from the preceding course, a distance of 60.23 feet;

(f) Thence North 01 degrees 52 minutes 50 seconds East, through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 19.57 feet;

(g) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 8.43 feet;

(h) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 11.99 feet;

(i) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 12.13 feet;

(j) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 4.28 feet;

(k) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 18.35 feet;

(l) Thence North 01 degrees 52 minutes 50 seconds East, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 26.28 feet;

(m) Thence South 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.91 feet;

(n) Thence North 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 2.55 feet;

(o) Thence North 88 degrees 07 minutes 10 seconds West, continuing through Lot 220 forming an angle to right of 90 degrees 00 minutes 00 seconds from the preceding course, a distance of 33.08 feet;

(p) Thence North 01 degrees 52 minutes 50 seconds West, continuing through Lot 220 to the southerly line of Chambers Street forming an angle to the right of 270 degrees 00 minutes 00 seconds from the preceding course, a distance of 131.33 feet to the Point or Place of Beginning;

Horizontal Dimensions and vertical datum for School lease area referenced to set of drawings for Lot 220 as prepared by CK Architect P.C. on 7/22/96. On said drawings, elevation 0.0 is equal to 13.06 feet in the Manhattan Borough Presidents Datum.

EXHIBIT B

TITLE MATTERS

- 1) The Settlement Agreement as in effect on the date hereof.
- 2) The Master Lease as in effect on the date hereof.
- 3) Memorandum of Understanding, dated as of November 8, 1979, among the Governor of the State of New York, the Mayor of the City of New York and the President and Chief Executive Officer of New York State Urban Development Corporation and Battery Park City Authority, as supplemented by letter dated November 8, 1979, from the President and Chief Executive Officer of New York State Urban Development Corporation and Battery Park City Authority to the Mayor of the City of New York and as supplemented by 1986 Supplemental Memorandum of Understanding dated as of August 15, 1986 among the Governor of the State of New York, the Mayor the City of New York and Battery Park City Authority, and as amended by the Amendment to Memorandum of Understanding dated as of January 9, 1995 among the Governor of the State of New York, the Mayor of the City of New York and Battery Park City Authority.
- 4) The Purchase Option granted by New York State Urban Development Corporation, Battery Park City Authority, the BPC Development Corporation to the City of New York, dated June 6, 1980 and recorded in Reel 527 at page 163 in the Office of the City Register, New York County, as amended by Amendment to Option to Purchase dated August 15, 1986 and Second Amendment to Option to Purchase dated May 18, 1990 between BPCA and the City of New York and recorded on May 30, 1990 in Reel 1697, page 294 in said Register's Office.
- 5) State of facts on Survey made by Lockwood, Kessler & Bartlett, Inc. dated October 5, 1989, last revised December 4, 1995 and such additional state of facts as an accurate survey made prior to the date hereof would disclose as long as such facts do not render title unmarketable or have an adverse effect on the use of the Premises as a multi-family building with commercial space.
- 6) Declaration of Covenants and Restrictions made by Battery Park City Authority dated March 15, 1984, and recorded March 21, 1984, in Reel 776 at page 360, in the Office of the City Register, New York County.
- 7) Rights of the Federal Government to enter upon and take possession of lands, now or formerly lying below the high water mark of the Hudson River.

- 8) The City Map of the City of New York as modified by a Map Showing a Change in the City Map, dated January 15, 1987, corrected September 10, 1993 and certified by the Secretary to the City Planning Commission on November 5, 1995 and as the City Map may be otherwise modified.
- 9) Mapping Agreement between the City of New York and BPCA made as of October 3, 1991.
- 10) Zoning and other laws, ordinances, governmental regulations, orders and requirements pertaining to the Premises.
- 11) The Existing Subleases and the rights of Existing Tenants, as tenants only.
- 12) Easements granted pursuant to Article 35 of the Agreement of Lease dated as of October 1, 1996 between Landlord and the New York City Educational Construction Fund and The City of New York for the lease of the School Building.
- 13) Future easements and rights of way granted by Landlord, in Landlord's sole discretion, which benefit the School Building and are required, in Landlord's reasonable opinion, for the construction, placement, maintenance and/or repair of mechanical systems and equipment which service the School Building, provided in any event those easements shall not materially affect the continued use of the Premises as a residential apartment building.
- 14) Declaration of Easements made by Landlord and agreed to by Tenant.
- 15) Any other Permitted Exception as set forth in and otherwise permitted pursuant to the terms of the Commitment to Lease.

EXHIBIT C

DESCRIPTION OF CONSTRUCTION DOCUMENTS

Centrifugal Associates, Inc. - HVAC:

MC
M Roof 1
M Roof 2
M-R-GR
M-R-2,3,4,6 and 13

all dated 6 November 1998.

WDF Inc. - Plumbing

P-112	7/27/98
P-1-UG	5/13/97
P-P-GR-N	5/23/97
P-P-8-R-N	6/2/97
P-P-13-N	6/26/97
P-P-GR-S	5/21/97
P-P-2-S	7/8/97
P-P-2-N	7/10/97
P-P-13E	7/8/97
P-P-13S	6/21/97
P-P-S-R-S	6/1/97
P-P-10-R	7/7/97
P-P-25-W	10/6/97
P-P-24W	10/1/97
P-P-24E	10/2/97
P-P-25E	10/3/97
P-P-RF-W	10/14/97
P-P-RF-E	10/8/97

High Rise Electric - Electrical:

HRE-1	9/25/96
HRE-2A & 2D	9/25/96
HRE-2C	5/12/97

HRE-3P	2/28/97
HRE-3S	12/19/96
HRE-3L	6/3/98
HRE-4P	6/5/97
HRE-4L	3/18/97
HRE-4S	3/24/97
HRE-3A	
HRE-5 BX	6/19/97
HRE-6 BX	5/8/97
HRE-7A BX	7/8/97
HRE-8B BX	5/23/97
HRE-8A BX	5/28/97
HRE-9A BX	5/15/97
HRE-9B BX	5/22/97
HRE-10A BX	5/19/97
HRE-10B BX	5/19/97
HRE-11B	5/28/97
HRE-11A BX	5/28/97
HRE-12A BX	6/2/97
HRE-13 BX	6/2/97
HRE-14 BX	7/12/97
HRE-14A	7/12/97
HRE-15	10/2/97
HRE-EMR	10/2/97
HRE-Roof	10/2/97

Peter Scalamandre & Sons - General Contractor:

[To Follow]¹

¹ BPCA to provide.

EXHIBIT D

RENT PROGRAM

Policies:

- 1) No person with any direct or indirect interest in Tenant, no employee of Tenant, and no immediate family member of any of such persons may occupy an apartment under this program. For purposes of this Exhibit D, the term "subtenant" shall refer to all occupants of the Building which are subject to the Rent Program.
- 2) The apartments listed on Annex 1 have been allocated to persons whose incomes at the time of their initial occupancy did not exceed the amounts set forth below.
- 3) Apartments listed on Annex 1 which become vacant on or before January 21, 2002 shall be leased in sequential order to qualified applicants on a wait list maintained by the program administrator and whose incomes do not exceed the amounts set forth below.
- 4) Initial and renewal and leases for subtenants will be entered into for one or two year terms, at the option of the selected subtenant, in the form presently utilized for this program.
- 5) Subtenants may not assign or sublease apartments without the Tenant's prior written consent.
- 6) The base rent under new or renewal leases will be determined in accordance with the then current applicable guidelines for rent increases in rent-stabilized apartments in New York City, or, if guidelines no longer exist, based upon the percentage increase in the Consumer Price Index between the second month prior to the commencement of the term of the lease and the second month prior to the expiration of the term of the lease. For the purposes of this Program, the Consumer Price Index shall be the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor New York-New Jersey-Long Island NY-NJ-CT area, All Items (1982-84=100), or any successor index thereto, appropriately adjusted.
- 7) Income of subtenants' households will be re-certified annually by a third party administrator. Subtenants' income shall be determined on the basis of current employment (as evidenced by pay stubs or tax forms for self-employed individuals) as well as all income-producing assets. In determining such income, income of all persons residing in the apartment will be included. Other real estate owned by household members will be treated as an asset, and the rental income produced by the property or an imputed return on the asset will be included in determining income.
 - (a) If household income exceeds the permitted maximum for that unit, then, effective upon the first day of a subsequent renewal term of the lease, a surcharge may be

imposed to bring the rent to 25% of such income but not in excess of the "market rate" for the apartment.

- (b) If household income decreases below the amount certified for a lease term, then, effective upon the first day of a subsequent renewal term of the lease, the rent will be the greater of the base rent permitted for such tenancy or 25% of household income.

Other Criteria for Subtenant Selection:

- 1) An apartment must be a subtenant's primary residence. Initially, at least one adult who is the subtenant or a member of the subtenant's immediate family and residing in the apartment must work in New York City, unless all residents of an apartment are retired.
- 2) Tenant may refuse to offer a renewal lease to a subtenant not in compliance with the foregoing criteria. However, all applicants and subtenants may appeal an initial determination of ineligibility or a termination of eligibility to the program administrator.
- 3) Permissible income ranges for subtenants will be as follows:

	<u>Income Range</u>
One-bedroom apartment	\$32,000 - \$ 48,000
Two-bedroom apartment	\$48,000 - \$ 72,000
Three-bedroom apartment	\$72,000 - \$108,000

- 4) Occupancy preferences are as follows:

One-bedroom: A single adult, a couple, or a parent and one child

Two-bedroom: A parent and one or two children, or a couple and two children

Three-bedroom: A parent and two to five children, or a couple and two to four children

Annex 1 to Exhibit D
Apartments Designated for Middle Income Tenants

3B
3C
4B
4C
5B
5C
6B
6C
7B
7C
8B
8C
9B
9D
9I
10B
10D
10I
11B
11F
11G
11M
12B
12C
12G
14C
14F
14G
14M
15C

EXHIBIT E

PROVISIONS REGARDING THE CONVERSION TO CONDOMINIUM FORM OF OWNERSHIP

1. **Definitions.** As used in this Exhibit E and the Lease, each of the following terms has the meaning set forth below:

"Administrative Fee" has the meaning provided in Section 5(b).

"Bylaws" mean the bylaws and rules and regulations annexed to or otherwise made part of the Declaration together with all amendments, modifications and supplements thereto that are permitted under the terms hereof.

"Common Charges" means the aggregate of amounts required under this Lease and the Bylaws to be paid by Unit Owners to the Condominium Board, or the Condominium Board and Landlord, including Proportionate Rent payable with respect to all Units. Common Charges may also include other amounts needed to pay the expenses of operating the Condominium but not required to be paid under this Lease, as determined by the Condominium Board or as provided in the Condominium Documents.

"Common Elements" has the meaning provided in the Declaration.

"Common Interest" has the meaning provided in the Declaration.

"Condominium Act" means Article 9-B of the Real Property Law of the State of New York, as amended from time to time, or any statute in lieu thereof.

"Condominium Board" means the board of managers of the Condominium. If there shall be more than one Condominium Board, each representing a different class of Unit Owners (for example, residential and commercial Unit Owners), the term Condominium Board shall mean, collectively, all of such Condominium Boards.

"Condominium Conditions" has the meaning provided in Section 3(b).

"Condominium Covenants" mean the terms, covenants and conditions that are required to be performed by Tenant under this Lease from and after the Condominium Date, including any covenants to be performed by the Condominium Board. Condominium Covenants include the obligation of the Condominium Board to pay to Landlord amounts payable to Landlord under this Lease, including Rental.

"Condominium Date" shall mean the date of the Initial Unit Transfer.

"Condominium Default" means, at any time after the Condominium Date, the failure of the Condominium Board, as Tenant hereunder, to comply with or observe or perform any of Condominium Covenants or any Event of Default described in Sections 23.01(c), (d), (e), (f), (g), (h), (i) or (j) of the Lease.

"Condominium Depository" has the meaning provided in Section 9(c).

"Condominium Documents" mean the Condominium Plan, the Declaration, the Bylaws, the Unit Deed and the Unit Mortgagee Subordination and Recognition Agreement, as amended from time to time, in accordance with the terms hereof.

"Condominium Management Agreement" means an agreement between the Condominium Board and the Managing Agent, including any sub-management agreement between the Managing Agent and a sub-manager, in form and substance reasonably acceptable to Landlord, which provides, inter alia: (i) for the management and operation of the Units collectively, including the maintenance and repair of the Common Elements of the Units collectively, (ii) for the collection from the Unit Owners and custody (x) in trust on behalf of Landlord, of all Proportionate Rent, and (y) in trust on behalf of the Condominium Board, of all Common Charges payable by Unit Owners in respect of the operation, maintenance and repair of the Common Elements, and any other charges payable by Unit Owners under the Declaration and Bylaws, not including Proportionate Rent, (iii) for the payment by the Condominium Board of all fees and charges of the Managing Agent (including any thereof which may be payable in respect of Proportionate Rent), and (iv) for such other matters as the Condominium Board or Landlord reasonably requires consistent with the preceding portions of this definition of "Condominium Management Agreement."

"Condominium Plan" means the plan of Declarant to submit Declarant's leasehold estate in the Premises to condominium ownership, together with all amendments, modifications and supplements thereto made in accordance with the terms hereof.

"Declarant" means the named Tenant under this Lease or its permitted successors in interest and the declarant under the Declaration and the initial owner of the Condominium Units.

"Declaration" means the instrument by which Declarant submits Declarant's leasehold estate in the Premises to the Condominium Act, together with all amendments, modifications and supplements thereto that do not conflict with the terms hereof.

"Default Costs" means, with respect to any Unit, any costs and expenses incurred by the Condominium Board or by Landlord as the result of a Unit Owner Default by the Unit Owner of such Unit, including, without limitation, any tax obligations and any costs or expenses

incurred in connection with any Legal Proceeding or in a subsequent disposition of a Unit acquired by the Condominium Board or Landlord or incurred otherwise in connection with the collection of Proportionate Rent (including, without limitation, reasonable attorneys' fees and disbursements) together with interest thereon at the Involuntary Rate.

"Default Notice" has the meaning provided in Section 8(b).

"Defaulting Unit Owner" has the meaning provided in Section 8(a).

"Deficiency Amounts" has the meaning provided in Section 10(a).

"Department of Law" has the meaning provided in Section 2(b).

"Indebtedness" has the meaning provided in the Master Lease.

"Initial Unit Transfer" means the execution and delivery of the first Unit Deed by Declarant to a Qualified Unit Purchaser.

"Landlord Default Costs" mean Default Costs incurred by Landlord.

"Landlord's Condominium Costs" has the meaning provided in Section 7(e).

"Legal Proceedings" mean any suit to recover a money judgment for unpaid Common Charges (including Proportionate Rent), including without limitation, any foreclosure of a lien provided under the Condominium Act; if being understood that Legal Proceedings may be maintained without foreclosing or waiving such lien.

"Managing Agent" means the Person, engaged by the Condominium Board from time to time, with Landlord's prior approval, for the management, operation and maintenance of the Premises (and any sub-manager appointed by such Person) and the performance of such other duties as are described in the Condominium Management Agreement.

"Proportionate Rent" means, with respect to any Unit, the sum of (i) such Unit's Common Interest multiplied by the Base Rent, (ii) such Unit's Common Interest multiplied by the Civic Facilities Payment payable with respect to the Premises, (iii) the PILOT under this Lease attributable to such Unit, which is payable with respect to such Unit, (iv) Landlord Default Costs with respect to such Unit, and (v) Landlord's Condominium Costs to the extent required to be included in Proportionate Rent under Section 10.

"Purchase Option" means the Purchase Option granted by New York State Urban Development Corporation, Landlord, the BPC Development Corporation to the City of New York, dated June 6, 1980 and recorded in Reel 527 at page 163 in the Office of the City Register, New York County, as amended by Amendment to Option to Purchase dated August 15, 1986 and

Second Amendment to Option to Purchase dated May 18, 1990 between Landlord and the City of New York and recorded on May 30, 1990 in Reel 1697, page 294 in said Register's Office.

"Qualified Purchase Agreement" means an agreement for the purchase of a Unit Owner's interest under a Unit Deed, signed by and binding on, any Person as purchaser thereunder substantially in the form set forth in the Condominium Plan providing for a purchase price determined in accordance with the terms of the Condominium Plan and under which agreement such Person made all down payments required thereunder.

"Qualified Unit Purchaser" means the purchaser under a Qualified Purchase Agreement.

"Sale" has the meaning provided in Section 5(a).

"Security Fund" has the meaning provided in Section 9(b).

"Security Fund Amount" means an amount equal to the product of twelve (12) multiplied by the aggregate amount of Base Rent and PILOT payable in the month in which the Condominium Date occurs.

"UCC" means the Uniform Commercial Code as the same may be in effect in the State of New York from time to time.

"Unit" means a portion of the Premises, together with a proportionate undivided interest in the Common Elements appurtenant to such portion of the Premises, all as described in the Condominium Documents.

"Unit Deed" means an instrument, in the form set forth in the Condominium Plan (or in such other form as may be approved by Landlord), pursuant to which the Unit Owner's leasehold condominium interest in a Unit (as described in the Condominium Documents) is granted and transferred by Declarant, or a Unit Owner of such Unit after Declarant's transfer thereof, to a purchaser thereof, such transfer being subject to the rights of Landlord under this Lease, including, without limitation such rights as exist in the event of a Unit Owner Default.

"Unit Mortgage" has the meaning provided in Section 6(a).

"Unit Mortgagee" has the meaning provided in Section 6(a).

"Unit Mortgagee Representative" has the meaning provided in Section 6(c).

"Unit Mortgage Subordination and Recognition Agreement" has the meaning provided in Section 6(a).

“Unit Owner” means the Unit Owner of a Unit..

“Unit Owner” means the owner or owners at any one time of the Unit Owner’s interest in a Unit, as described in the Condominium Documents.

“Unit Owner Action” has the meaning provided in Section 7(b).

“Unit Obligations” has the meaning provided in Section 8(i).

“Unit Owner Default” has the meaning provided in Section 8(a).

2. Submission of Tenant’s Leasehold Estate to Condominium Act.

(a) Subject to the satisfaction of the Condominium Conditions, Tenant shall have the right, at Tenant’s election, to submit Tenant’s leasehold estate in the Premises hereunder to the provisions of the Condominium Act, and otherwise in accordance with the Condominium Documents and the terms of this Lease. After such submission, no withdrawal of Tenant’s leasehold interest from the provisions of the Condominium Act shall be permitted at any time for any reason without Landlord’s prior consent, which consent Landlord may withhold in its sole discretion.

(b) (i) If Tenant desires to amend, modify or supplement, from time to time, the Condominium Documents, Tenant shall submit such proposed amendment, modification or supplement to Landlord for Landlord’s review and determination in advance, that in Landlord’s reasonable opinion, such amendment, modification or supplement conforms to the provisions of this Lease and does not differ from the Condominium Documents in any manner that is materially adverse to any rights, interests or obligations of Landlord under this Lease. If Landlord determines in its reasonable opinion that such proposed amendment, modification or supplement so conforms with no such material adverse difference, Landlord shall notify Tenant to that effect within thirty (30) days after Landlord’s receipt of such proposed amendment, modification or supplement. If Landlord determines in its reasonable opinion that such proposed amendment, modification or supplement does not so conform or does differ in any manner that is materially adverse to any rights, interests or obligations of Landlord under this Lease, Landlord is required to so notify Tenant within such thirty (30) day period, specifying, in reasonable detail, those respects in which such proposed amendment, modification or supplement does not so conform or does differ in any manner that is materially adverse to any rights, interests or obligations of Landlord under this Lease and Tenant is required to revise such proposed amendment, modification or supplement and resubmit the same to Landlord for Landlord’s review and determination in advance as described in this subsection (b). Each review by Landlord of any such revisions to such proposed amendment, modification or supplement must be carried out within fifteen (15) days after Landlord’s receipt of such revised proposed amendment, modification or supplement. If Landlord fails to notify Tenant of Landlord’s

determination within the periods set forth herein, Landlord shall be deemed to have determined that such proposed amendment, modification or supplement or such revised proposed amendment, modification or supplement, as the case may be, does so conform and does not differ in any manner that is materially adverse to any rights, interests or obligations of Landlord under this Lease.

(ii) Notwithstanding anything to the contrary set forth above, any amendment to the Condominium Plan which solely involves (w) a change in the sales price of a Unit, or (x) a change in the financial terms offered to prospective purchasers, other than a change in, or a change that affects, any payment required to be made to Landlord or the priority of any payment to be made under this Lease or (y) an additional disclosure required by the New York State Department of Law (the "Department of Law") and not concerning any provision of or obligation under this Lease, or (z) Tenant making changes, alterations or additions to the interior of any Units or combining two or more Units (provided that such changes or combinations are otherwise performed in accordance with this Lease) shall not be required to be submitted to Landlord in advance but within a reasonable time after such amendment is made, a copy thereof is required to be provided to Landlord for Landlord's information and records.

(c) Tenant, and not Landlord, is responsible for assuring that the Condominium Documents (and any amendments, modifications or supplements thereto) conform to the provisions of this Lease and comply with all applicable Requirements of Governmental Authorities, including, without limitation, the rules and regulations of the Department of Law. Neither Landlord's review of the Condominium Documents, nor Landlord's determination under this Lease at any time concerning the Condominium Documents (or any amendments, modifications or supplements thereto), shall relieve Tenant of Tenant's responsibility for assuring conformity thereof with the provisions of this Lease and is not, and is not to be construed to be or relied upon by Tenant, the Condominium Board, any Unit Owner, any Mortgagee, any Unit Mortgagee or any other Person as a determination that the Condominium Documents (or any amendments, modifications or supplements thereto) comply with any of the Requirements of Governmental Authorities, including without limitation, the rules and regulations of the Department of Law.

(d) Neither Landlord's review of the Condominium Documents, nor Landlord's determination under this Lease at any time concerning the Condominium Documents (or any amendments, modifications or supplements thereto) is, or is to be construed to be or relied upon by Tenant, the Condominium Board, any Unit Owner, any Mortgagee, any Unit Mortgagee or any other Person, as a determination that Landlord has approved the offering of Units pursuant to the Condominium Plan or has participated in such offering.

(e) Neither the recording by Tenant of the Declaration, nor Landlord's execution of the Declaration or any other actions, as provided in Section 3(a), is, or is to be construed to be, a consent by Landlord to, or an approval by Landlord of, the contents of the

Declaration or other Condominium Documents and shall not in any way cause Landlord to be deemed a "sponsor" of the Condominium Plan or the Declaration. The parties hereto acknowledge and agree that the terms, provisions and conditions of the Condominium Documents shall at all time be subject and subordinate to the terms, provisions and conditions of this Lease, and no approval (or deemed approval) or review of Landlord of the Condominium Documents (including the Initial Condominium Documents or any amendment, modification or supplement thereto) shall be considered as subordinating any provision of this Lease to the Condominium Documents or any amendment, modification or supplement thereto. In no event shall Landlord be required to perform any act under Section 3(a) or otherwise that has the effect of subordinating this Lease, or any provision hereof, to the rights of the Condominium Board, any Unit Owner, any Mortgagee, any Unit Mortgagee or any other Person, and no recording of the Declaration nor any determination, review or other act by Landlord under or concerning this Lease will cause or be construed as any such subordination.

(f) The Condominium Documents shall, in addition to the other requirements of this Lease, at all times during the Term be required at a minimum to include provisions to the effect that unless otherwise approved by Landlord in writing: (i) the Condominium Board shall be the Tenant under this Lease from and after the Condominium Date, (ii) the Condominium Board and all Unit Owners are required to comply with all applicable provisions of this Lease, (iii) each Unit Owner is required to pay to the Condominium Board as part of Common Charges all applicable Proportionate Rent, Rent which is payable on a monthly or other periodic basis throughout the Term of this Lease (including, for example, Base Rent, PILOT, and/or Civic Facilities Payments), which, when so paid, if requested by Landlord, is required to be segregated from other amounts payable to the Condominium Board and held in trust for the benefit of and paid to Landlord in accordance with this Lease; (iv) the first monies paid by a Unit Owner to the Condominium Board as or on account of Common Charges at any time shall be treated as and applied to the payment of Proportionate Rent that is due and payable at such time by such Unit Owner; (v) the Condominium Board shall assess as Common Charges any Rent due under this Lease which is not referred to in clause (iii) above, and which has not been paid for 30 days, unless the payment thereof is provided for from other sources, and the lien of the Condominium Board for Common Charges shall extend to such Rent, including any Landlord Default Costs and any Landlord's Condominium Costs so assessed; (vi) the only units permitted under the Condominium Documents shall be the Units unless otherwise consented to by Landlord, which consent is permitted to be withheld by Landlord in its sole discretion; (vii) in the event of a Condominium Default, Landlord is permitted to replace the members of the Condominium Board that has failed to remedy same, and each member of the Condominium Board must sign, as a condition of serving on such the Condominium Board, a resignation in the form of Annex 1 that will be assigned and delivered to Landlord for purposes of Landlord's exercise of its right to replace any Condominium Board member; and (viii) the Condominium Board shall be liable to Landlord for any failure to comply with the Condominium Covenants; provided, however, that no member of the Condominium Board shall have any personal liability as the result of a default by the Condominium Board in the performance of any Condominium Covenants, (ix) the method for allocation of Common Charges among the Unit Owners shall be as set forth in the

Condominium Documents, (x) any right of first refusal set forth in the Condominium Documents does not apply to any transfer of any Unit to or from Landlord or in connection with foreclosure by the Landlord of the lien for Common Charges, and (xi) the Condominium Board's lien for Common Charges is assigned to Landlord as security for the payment of Proportionate Rent.

3. Conditions to Recording Declaration and Closing of the Initial Unit Transfer.

(a) Upon the satisfaction of the Condominium Conditions, as set forth in Section 3(b), and not otherwise, Tenant may submit Tenant's leasehold estate in the Premises under this Lease to the provisions of the Condominium Act by recording, in accordance with the requirements of the Condominium Act, the Declaration included as part of the Initial Condominium Documents. Provided that the Condominium Conditions hereinafter set forth have been satisfied by Tenant, Landlord shall execute the Declaration or take such other actions as may be required by applicable Requirements in order for Tenant to record the Declaration.

(b) Tenant shall not be permitted to record the Declaration and effect the Initial Unit Transfer unless and until all of the following conditions have been satisfied at the time of the filing of the Declaration and at the time of the First Unit Transfer (the "Condominium Conditions"), provided that the conditions described in clauses (iii), (vi), (viii), and (ix) of this Section 3(b) shall be required to be satisfied as a condition to the Initial Unit Transfer but not before the recording of the Declaration:

(i) The Condominium Plan has been accepted for filing by the Department of Law and a correct and complete copy of the letter issued by the Department of Law evidencing such acceptance has been delivered to Landlord;

(ii) The Condominium Documents have been approved by Landlord and conform to the requirements of this Exhibit E;

(iii) The Condominium Board and a Managing Agent have entered into a Condominium Management Agreement, a correct and complete copy thereof has been delivered to Landlord, the same is in full force and effect, and Landlord is a named third party beneficiary thereunder and the Condominium Board, the Managing Agent and Landlord shall have executed and delivered a Management Agreement Subordination Recognition and Attornment Agreement in the form of Annex 2 annexed hereto (the "Management Subordination and Attornment Agreement");

(iv) The Condominium Plan has been declared effective in accordance with its terms and a correct and complete copy of the letter issued by the Department of Law evidencing acceptance of an amendment declaring the Condominium Plan effective has been delivered to Landlord;

(v) No Default or Event of Default has occurred that has not been cured upon the date the Declaration shall be recorded;

(vi) Declarant has complied with its obligations under Section 9 concerning delivery to Landlord of cash in the amount required under Section 9;

(vii) Declarant has delivered to Landlord its certification that the conditions contained in this Section 3(b) are satisfied;

(viii) All conditions and requirements under Section 5 with respect to the Unit affected by the Initial Unit Transfer have been (or will, at the closing of the Initial Unit Transfer, be) satisfied; and

(ix) No Default or Event of Default has occurred that has not been cured upon the date of the Initial Unit Transfer;

(c) (i) In the event that, at any time prior to the recording of the Declaration (i) Landlord makes payment of the Indebtedness, (ii) New York City exercises its right under the Purchase Option to repay the Indebtedness, or (iii) Landlord agrees to convey the Premises or assign its right, title and interest as tenant under the Master Lease or as Landlord under this Lease to New York City or any other Person, Landlord shall give Tenant notice thereof within ten (10) Business Days after the occurrence of such event. In such event, the provisions of clause (i) of Section 2(b) (as to amendments, modifications or supplements to the Condominium Documents) shall be waived by Landlord as conditions to recording the Declaration, without any waiver of any other provisions of or rights under this Lease. At Tenant's request, Landlord shall (x) execute the Declaration, or take such other actions as are required by applicable Requirements, as provided in Section 2(a) and (y) cooperate with Tenant and, if requested by Tenant, cause Master Landlord to cooperate with Tenant, in causing the Declaration to be duly recorded prior to the acquisition of the Project Area by New York City or the consummation of any such conveyance or assignment.

(ii) In no event shall Landlord convey its interest in the Premises or assign its right, title and interest as tenant under the Master Lease or as Landlord under this Lease to New York City or any other Person prior to the recording of the Declaration, unless Landlord has given Tenant at least sixty (60) days' prior notice of such proposed conveyance or assignment.

(d) As of the Condominium Date, provided Tenant has given seven (7) Business Days' prior written notice to Landlord, Landlord shall execute, acknowledge and deliver to Tenant, a statement in writing certifying that the Condominium Conditions have been satisfied (or if any such Condominium Condition has not been satisfied, specifying those Condominium Conditions not so satisfied).

(i) The notice from Tenant to Landlord delivered as aforesaid shall contain the following legend typed in bold, capital letters at the top:

IF LANDLORD FAILS TO NOTIFY TENANT THAT THE CONDOMINIUM CONDITIONS (AS DEFINED IN SECTION 3(b) OF EXHIBIT E TO THE GROUND LEASE) HAVE OR HAVE NOT BEEN SATISFIED WITHIN SEVEN (7) BUSINESS DAYS FOLLOWING DELIVERY OF THIS NOTICE TO LANDLORD, SUCH FAILURE MAY RESULT IN LANDLORD BEING DEEMED TO HAVE DETERMINED THAT SAID CONDOMINIUM CONDITIONS HAVE BEEN SATISFIED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 3(b) OF EXHIBIT E TO THE GROUND LEASE."

(ii) If Landlord fails to notify Tenant that all of the Condominium Conditions have or have not been satisfied within such seven (7) Business Day period specified in the aforesaid notice, Tenant shall deliver to Landlord a second written notice which shall bear the following legend typed in bold, capital letters at the top:

"IF LANDLORD FAILS TO NOTIFY TENANT THAT THE CONDOMINIUM CONDITIONS IN SECTION 3(b) OF EXHIBIT E TO THE GROUND LEASE HAVE OR HAVE NOT BEEN SATISFIED WITHIN THREE (3) BUSINESS DAYS AFTER TENANT'S DELIVERY TO LANDLORD OF THIS WRITTEN NOTICE, LANDLORD SHALL BE DEEMED BY SUCH FAILURE TO HAVE NOTIFIED TENANT THAT THE CONDITIONS IN SECTION 3(b) OF EXHIBIT E TO THE GROUND LEASE HAVE BEEN SATISFIED."

(iii) If Landlord does not notify Tenant that the Condominium Conditions have or have not been satisfied, as the case may be, within three (3) Business Days after delivery to Landlord of such second notice pursuant to clause (ii) above, Landlord shall be deemed to have notified Tenant that the Condominium Conditions have been satisfied.

(iv) In no event shall Landlord be required to deliver any certificate pursuant to this Section 3(d), unless at least seven (7) Business Days prior thereto Tenant has delivered to Landlord evidence reasonably satisfactory to Landlord to document the satisfaction of such Condominium Conditions, including, a certification by Declarant that all of the Condominium Conditions contained in 3(b) are satisfied or shall be satisfied on the date of the Initial Unit Transfer. In addition (x) no such certificate shall release Tenant or any other Person of any of their obligations to Landlord hereunder or waive any of Tenant's obligations or Landlord rights hereunder, and (y) the certification or deemed certification as to matters referred to in Section 3(b) shall be to the best knowledge of Landlord, without independent investigation.

(v) Tenant and Landlord hereby agree that the only effect of the delivery by Landlord or the deemed delivery by Landlord of the certificate referred to in this

Section 3(d) shall be to waive Landlord's ability to challenge the validity of the filing of the Declaration, and such certificate may, at the Landlord's option, contain such statement.

4. The Condominium Board

(a) The Condominium Documents shall establish the Condominium Board. If there shall be separate residential and commercial Condominium Boards, the residential Board shall be designated by the residential Unit Owners, the commercial Board shall be designated by the commercial Unit Owners, and the Condominium Board (including the residential and commercial Condominium Boards collectively) shall be comprised of one (1) member of the commercial Condominium Board and three (3) members of the residential Condominium Board. The By-laws of the Condominium shall provide that each member of the Condominium Board shall have one vote, and that not more than a majority of the members of any Condominium Board shall be required for a quorum of such Condominium Board, and all actions of any Board shall be taken by a majority of its members.

(b) From and after the Condominium Date, the Condominium Board shall be deemed the Tenant under this Lease for all purposes hereof and shall be responsible and liable for all obligations of the Tenant hereunder.

(c) Each Unit Deed shall require that the Unit Owner named therein constitute and appoint the Condominium Board as said Unit Owner's true and lawful attorney-in-fact coupled with an interest for the purposes of performing and observing the Condominium Covenants applicable to such Unit, including paying Proportionate Rent, applicable to such Unit Owner's Unit.

(d) At the request of Landlord at any reasonable time or times, the Condominium Board shall prepare and deliver to Landlord, within twenty (20) days after any such request, a true and correct listing of the names of all Unit Owners and the Units owned by such Unit Owners and copies of any other documents reasonably requested by Landlord. The Condominium Board shall permit Landlord and Landlord's designee to examine the records and books of account maintained by the Condominium Board and any Managing Agent at a location designated by the Condominium Board in New York City.

(e) The Condominium Board shall enforce, at the sole cost and expense of the Unit Owners, the duties and obligations of the Managing Agent under the Condominium Management Agreement, whether or not such duties and obligations are for the primary benefit of the Condominium Board or Landlord. The Managing Agent's failure to perform its duties under the Condominium Management Agreement shall not excuse the Condominium Board from any of its obligations under this Lease.

5. Transfers of Units.

(a) No interest in any Unit may be sold, assigned, leased, otherwise transferred, mortgaged, except in compliance or otherwise encumbered at any time by Declarant or any Unit Owner (each such transaction is referred to herein as a "Sale") unless the provisions of this Section 5 have been complied with by the Unit Owner thereof (including without limitation, Declarant, with respect to Units not previously transferred by Declarant):

(i) Landlord has received all Proportionate Rent pertaining to such Unit that is due and payable as of the date of such Sale and any unpaid Common Charges allocable to such Unit have been or will be paid to the Condominium Board at the date of such Sale;

(ii) such Sale (other than mortgaging or leasing of such Unit) is effectuated pursuant to a Unit Deed, a correct and complete copy of which has been delivered to Landlord or an agent on Landlord's behalf;

(iii) in the case of the mortgaging of such Unit, the provisions of Section 6 have been complied with and a correct and complete copy of each of the Unit Mortgage granted by the Unit Owner as mortgagor and of the Unit Mortgage Subordination and Recognition Agreement, which is binding on and benefits the Unit Mortgagee holding such Unit Mortgage, as executed and delivered by such Unit Mortgagee, has been delivered to Landlord, or an agent on Landlord's behalf; and

(iv) in the case of the leasing of such Unit, such leasing is effectuated pursuant to a written lease that conforms to all applicable provisions of this Lease and the Condominium Documents, a correct and complete copy of which has been delivered to Landlord.

(b) In addition, as a condition precedent to any Sale, Landlord shall be paid a reasonable fee to compensate it for its administrative expenses in connection with such Sale, as Landlord may determine from time to time (the "Administrative Fee"). During the period ending on the fifth anniversary of the Initial Unit Transfer, the Administrative Fee per any Sale of a Unit will not exceed \$250 during the first twelve (12) months of such period, \$260 during the second twelve (12) months of such period, \$270 during the third twelve (12) months of such period, \$280 during the fourth twelve (12) months of such period, and \$290 during the fifth twelve (12) months of such period. Notwithstanding the foregoing, to the extent that a law firm or title agent, licensed to do business in the State of New York, receives immediately available funds or a certified check drawn on a bank licensed to do business in the State of New York, in the amount of the Administrative Fee or any Proportionate Rent then due with respect to the Unit, such law firm or title agent shall hold such funds in trust for Landlord for delivery promptly after the Sale and the conditions set forth in Section 5(a) and this Section 5(b) shall be deemed satisfied.

(c) Any purported Sale not made in compliance with the provisions of Section 5: is not effective to sell, assign, lease, otherwise transfer, mortgage or otherwise encumber any interest in a Unit; will not be recognized by Landlord; and is not permitted to be recognized by the

Condominium Board, it being agreed and acknowledged that the foregoing with respect to any mortgage affecting a Unit shall not affect the right of the holder of any note or other evidence of indebtedness payable to such holder in connection with any such mortgage to enforce payment of such obligation personally against any obligor thereunder to the extent the enforceability or enforcement thereof does not involve or require, or the holder elects not to pursue, foreclosing any lien in respect of such indebtedness (including any judgment lien) against any such Unit. Whenever a Unit Owner (other than Declarant) assigns such Unit Owner's interest in a Unit and effects such assignment as provided in Section 5 (other than to a Unit Mortgagee or pursuant to a lease), and the assignee is bound by an instrument in writing, satisfactory to Landlord in form and substance, assuming all of the obligations under the Condominium Documents of the Unit Owner of such Unit, the assignor will have no further liability for any of the obligations of the Unit Owner of such Unit under this Lease to be thereafter performed.

(d) No Sale of a Unit by a Unit Owner is permitted unless a Certificate of Occupancy has been issued and has not been suspended or revoked for the applicable Unit and a correct and complete copy of such Certificate of Occupancy has been delivered to Landlord.

(e) No debt may be incurred by the Condominium Board pursuant to Section 339jj of the Condominium Act or otherwise except with Landlord's prior consent, which consent Landlord is permitted to withhold in its sole discretion, and in no event is any such debt permitted to be secured by any lien on or any interest in the Premises or on any Unit or any other interest under the Condominium Documents.

6. Unit Mortgages.

(a) No Unit Owner shall be permitted to mortgage or encumber such Unit Owner's Unit except in strict compliance with the terms of this Section 6. A Unit Owner may mortgage its interest in a Unit to any Person (such mortgage which satisfies the conditions set forth below is herein referred to as a "Unit Mortgage" and the holder of such Unit Mortgage is herein referred to as a "Unit Mortgagee"), provided that such Unit Owner has complied with the provisions of this Section 6, and provided, further, that such Unit Mortgage is subject and subordinate to the terms, provisions and conditions of this Lease and the applicable Unit Deed as provided in Subsection (d) of this Section 6. The holder of any Unit Mortgage is required to acknowledge and agree in such Unit Mortgage and in a recognition agreement in the form of Annex 3 annexed hereto or such other form as may be approved by Landlord (such agreement is herein referred to as a "Unit Mortgagee Subordination and Recognition Agreement"), executed and delivered to Landlord by such Unit Mortgagee, that the lien of such Unit Mortgage is in all cases subordinate to the lien of the Condominium Board for that portion of Common Charges that constitutes Proportionate Rent payable at any time by the Unit Owner granting such Unit Mortgage, and that in the case of the lien of any mortgage other than a first mortgage, such lien is subordinate to the lien of the Condominium Board for all Common Charges. No Unit Mortgage shall be valid or enforceable against any Person unless and until the holder thereof shall have executed and delivered a Unit Mortgagee Subordination and Recognition Agreement in accordance with the terms of this Section 6. The foregoing shall not

affect the right of the holder of any note or other evidence of indebtedness payable to such holder to enforce payment of such obligation personally against any obligor thereunder to the extent the enforceability or enforcement thereof does not involve or require, or the holder elects not to pursue, foreclosing any lien in respect of such indebtedness (including any judgment lien) against any Unit.

(b) The lien of any Unit Mortgage against the interest of a Unit Owner in a Unit is unenforceable and without force or effect unless the Unit Mortgagee, such Unit Mortgage and such Unit Owner each complies with all of the provisions of Sections 5 and 6. Notwithstanding any other provision of this Lease, Landlord shall have no obligation hereunder to a Unit Mortgagee and no Unit Mortgagee has any rights hereunder unless such Unit Mortgagee has complied with all of the provisions of Sections 5 and 6.

(c) If a representative (the "Unit Mortgagee Representative") is designated by the Condominium Board or any Unit Mortgagee or Mortgagees and Landlord is notified of such fact, the Unit Mortgagee Representative will be permitted to attend, to the same extent as a Unit Mortgagee, any arbitration or other proceedings, including condemnation proceedings and insurance adjustment proceedings, provided for in the applicable Condominium Documents and will be permitted to exercise any rights afforded under Article 10 or other provisions of this Lease to Mortgagee in such arbitration or other proceedings.

(d) Each Unit Mortgage must be subject and subordinate to this Lease and to all of the terms, covenants and conditions hereof, without limiting, however, any rights of a Unit Mortgagee as set forth in Section 8(b) and (c). By accepting a Unit Mortgage, a Unit Mortgagee is deemed to be bound by all the terms, covenants, and conditions of this Lease and the Condominium Documents.

(e) By acceptance of a Unit Mortgage, a Unit Mortgagee expressly waives any rights the Unit Mortgagee may have under and pursuant to Section 339(z) of the Condominium Act to the extent any provision of said Section 339(z) may otherwise apply with respect to Proportionate Rent due from any Unit Owner, including any Defaulting Unit Owner.

(f) The lien of the Condominium Board for that portion of Common Charges attributable to the Units which does not constitute Proportionate Rent due from a Unit Owner, including a Defaulting Unit Owner, shall be subordinate to the lien of a Unit Mortgage having first priority ahead of any other mortgage lien.

7. Landlord's Remedies for a Condominium Default. In the event of a Condominium Default, the following provisions apply:

(a) In the case of any default which would entitle Landlord to terminate this Lease in accordance with Subsection (g) below, Landlord shall give written notice to the Condominium Board and to each Mortgagee, Unit Mortgagee and to all Unit Owners. In the case of any other Condominium Default, Landlord shall give written notice to the Condominium Board, and

the Condominium Board shall be required to give a copy of any such default notice to each Unit Owner, Mortgagee and Unit Mortgagee.

(b) The Condominium Board or any Unit Mortgagee(s) may, no later than forty-five (45) days after Landlord has given to it such notice, remedy or cause such Condominium Default to be remedied; provided that if curing of such Condominium Default requires the imposition of an assessment or special meeting of any Unit Owners for such purpose and/or special meeting of any Unit Owners in order to replace the members of the Condominium Board, or work to be performed, acts to be done or conditions to be removed (collectively, "Unit Owner Action"), which cannot by their nature reasonably be imposed, conducted, performed, done, removed or completed, as the case may be, within such forty-five (45) day period, the Condominium Board, any Unit Owner(s) or any Unit Mortgagee(s) shall cause such Unit Owner Action to be commenced within such forty-five (45) day period and shall thereafter cause such Unit Owner Action to be prosecuted diligently, continuously and in good faith to completion and cause the Condominium Default promptly thereafter to be remedied; provided further that, in all events, such Condominium Default is required to be remedied within one hundred and eighty (180) days after the date on which Landlord has given notice as provided in Section 7(a) (or within such longer period to which Landlord may consent in writing). If Unit Owner Action is required to remedy a Condominium Default, the Condominium Board, the Unit Owners, or any Unit Mortgagee(s) on behalf of the Unit Owners, shall notify Landlord thereof and shall keep Landlord fully and currently informed of the status of such Unit Owner Action, the nature and timing of such Unit Owner Action and each step, act or thing done in connection therewith, together with the anticipated completion date of such Unit Owner Action.

(c) If a Condominium Default is not remedied in accordance with Section 7(b), Landlord shall have the right to replace the members of the Condominium Board responsible for failing to remedy such Condominium Default by exercising its right under the resignation signed by each member of the Condominium Board as a condition to such member serving on the Condominium Board, Landlord shall have the right, but not obligation, to designate new members to replace the members of the Condominium Board removed as aforesaid and to perform or cause compliance with the Condominium Covenant that gave rise to such Condominium Default. Any members appointed by Landlord shall have the right to resign at any time in accordance with the provisions of the Condominium Documents, and at Landlord's election, shall have terms of at least twelve (12) months from the curing of the Condominium Default which caused the removal of such Condominium Board Members.

(d) The Condominium Board shall pay to Landlord, within twenty (20) days after demand therefor is delivered to the Condominium Board: any amounts payable to Landlord under this Lease that the Condominium Board has collected from any Unit Owner or otherwise, including Proportionate Rent; all reasonable costs and expenses incurred by Landlord, including without limitation, reasonable attorneys' fees and disbursements, in connection with any replacement of the members of the Condominium Board pursuant to the provisions of Section 7(c); and interest on the above amounts at the Involuntary Rate from the date of required payment to Landlord (in the case of

amounts collected by the Condominium Board and payable to Landlord and from the date of Landlord's payment of each such cost or expense until the date of actual repayment to Landlord.

(e) If a Condominium Default is not remedied in accordance with Section 7(b) and Landlord performs or causes to be performed the Condominium Covenant or cure the condition that gave rise to such Condominium Default in accordance with the provisions of Article 20 of this Lease or as otherwise permitted by law or hereunder, the Condominium Board shall pay to Landlord, within twenty (20) days after demand therefor is delivered to the Condominium Board: all reasonable costs and expenses incurred by Landlord, including without limitation, reasonable attorneys' fees and disbursements, in connection with such performance of such Condominium Covenant or cure of the Condominium Default, and if the Condominium Default is the failure of the Condominium Board to provide insurance or to keep the same in force as required under this Lease, the amount of the insurance premium or premiums not paid, the uninsured amount of any loss, damage and liability and the reasonable costs and expenses of suit, including, without limitation, reasonable attorneys' fees and disbursements, suffered or incurred by reason of such failure to provide insurance; and interest on the above amounts at the Involuntary Rate from the respective dates of Landlord's making of each such payment or incurring of each such cost or expense or loss or damage until the date of actual repayment to Landlord. The costs and any expenses and any loss or damage, together with interest at the Involuntary Rate, as described in Section 7(d) and this Section 7(e), are referred to herein collectively as "Landlord's Condominium Costs".

(f) In the event of any breach or threatened breach of a Condominium Covenant, Landlord shall have the right to obtain specific performance of such Covenant and/or to enjoin such breach or threatened breach, without showing any actual damages or that money damages would not afford an adequate remedy and without the need for any bond or other security, and in the event of a Condominium Default that is not remedied in accordance with Section 7(b) and that does not consist of a failure of the Condominium Board to pay to Landlord Proportionate Rent, Landlord shall have the right to invoke any other rights and remedies allowed at law or in equity or by statute or otherwise, but not including any right to terminate this Lease. To the extent permitted by applicable Requirements, Tenant waives, and the Bylaws shall require that each of the Condominium Board, each Unit Owner, and each Unit Mortgagee, respectively, waive the posting of bonds or other security in any action to enjoin such breach or threatened breach.

(g) In the event of a Condominium Default caused by failure of the Condominium Board to pay to Landlord the Rental, provided (i) same is not the result of a Unit Owner Default, (ii) the amount of cash in the Security Fund is less than one-half of the amount of the Security Fund Amount plus an amount of interest calculated at the rate of 3% per annum from the Condominium Date, and (iii) Landlord has given any notices required to be given hereunder and any grace and cure periods have expired, including the periods under Section 7(b) for the commencement or prosecution of Unit Owner Action or for remedying a Condominium Default, then Landlord is entitled to invoke all rights and remedies allowed at law or equity, including the right to terminate this Lease in accordance with the terms hereof and all other remedies available to Landlord under this Lease upon the occurrence of an Event of Default.

8. Remedies with Respect to Unit Owner Defaults.

(a) In the event of a failure of any Unit Owner (a "Defaulting Unit Owner") to pay Proportionate Rent including any Condominium Default Costs as required under this Lease (hereinafter a "Unit Owner Default"), Landlord and the Condominium Board may exercise any of the remedies provided under this Section 8.

(b) Each Unit Owner is required to pay the Proportionate Rent attributable to such Unit Owner's Unit in the manner set forth in this Lease. The Unit Owners shall pay their respective Proportionate Rent to the Condominium Board as part of Common Charges. The obligation of a Unit Owner to pay Proportionate Rent runs to the Condominium Board and Landlord. The obligation of a Unit Owner to pay Default Costs runs to the Condominium Board. Within ten (10) Business Days after a Unit Owner Default, the Condominium Board shall serve a written notice upon the Defaulting Unit Owner specifying the amount of the Proportionate Rent including the amount of any Condominium Default Costs then due and unpaid (the "Default Notice"). Simultaneously with the giving of the Default Notice to the Defaulting Unit Owner, the Condominium Board shall deliver a copy of the Default Notice to Landlord. If the Condominium Board fails to send the Default Notice within the time period set forth above, the Default Notice may be sent by Landlord and such failure by the Condominium Board shall be deemed to be a Condominium Default.

(c) Each such Unit Mortgagee shall be entitled to the benefit of the notice and cure provisions set forth in the Unit Mortgagee Subordination and Recognition Agreement executed by such Unit Mortgagee with respect to such Unit; and each such Unit Mortgagee shall be entitled to pay to the Condominium Board any portion of Proportionate Rent and Default Costs then due and owing by any Defaulting Unit Owner. Provided such Unit Owner Default shall be so remedied within twenty (20) days after service of the applicable Default Notice, Landlord shall not take any action against the Defaulting Unit Owner and each such Unit Mortgagee shall have the right to institute and thereafter prosecute foreclosure proceedings and such other proceedings as may be provided pursuant to the terms of the applicable Unit Mortgage. If such Unit Owner Default is not remedied within twenty (20) days after service of the applicable Default Notice, the Condominium Board or Landlord as provided below may commence against such Defaulting Unit Owner any action or proceeding at law or in equity as permitted under this Lease without any further notice to such Unit Mortgagee or Defaulting Unit Owner.

(d) Landlord shall accept performance by a Unit Mortgagee of any covenant, condition or agreement on a Unit Owner's part to be performed with the same force and effect as though performed by such Unit Owner. If, with respect to any Unit there is more than one Unit Mortgagee, Landlord shall recognize the Unit Mortgagee whose Unit Mortgage is senior in lien as the Unit Mortgagee entitled to the rights afforded by this Exhibit E.

(e) No earlier than twenty (20) Business Days and no later than ninety (90) calendar days after a Default Notice is given as provided for in Section 8(b), and provided that neither

the Defaulting Unit Owner nor any Unit Mortgagee has cured said Unit Owner Default, the Condominium Board shall institute appropriate proceedings to foreclose the lien on such Unit arising from said Unit Owner Default as provided in Section 339-z of the Condominium Act, in the manner provided in Section 339-aa thereof or in any other manner permitted by Law. At any time not earlier than twenty (20) days after a Default Notice is given, Legal Proceedings may be maintained to recover a money judgment for unpaid Common Charges required to be paid for the benefit of Landlord or the Condominium Board. If the proceeds received in any Legal Proceedings brought in connection with a Unit Owner Default are less than the sum of the obligations described in Section 9(j)(i) through (vi) relating to the such Unit Owner Default, the Defaulting Unit Owner shall remain liable for such difference or shortfall.

(f) In the case of a Unit Owner Default, Landlord shall be entitled to draw on the Security Fund as provided in Section 10(a) hereof, regardless of whether it has initiated any Legal Proceedings to collect any amounts due it.

(g) If the Condominium Board fails to institute foreclosure proceedings within ninety (90) calendar days as described in Section 8(e), or after instituting such proceedings, fail diligently to prosecute the same to final judgment, then Landlord shall have the right to prosecute any Legal Proceeding in its own name or in the name of the Condominium Board, and the right of the Condominium Board to bring any Legal Proceeding is hereby collaterally assigned to Landlord to permit Landlord to bring, and confirm its right to bring, any Legal Proceeding. In furtherance of the foregoing, the Condominium Board, as Tenant hereunder, hereby assigns to Landlord all of its right, title and interest in, to and under the lien for Common Charges granted to the Condominium Board under the Condominium Act or other applicable law for the purpose of bringing any Legal Proceedings to enforce any such lien or otherwise enforcing or collecting on such lien. Such assignment shall be self-operative and shall not require any further act or the execution of any further document to confer upon Landlord the direct right to institute and maintain such Legal Proceeding (including foreclosure proceedings) as set forth above. At the request of Landlord, the Condominium Board shall execute and deliver to Landlord such further documents and instruments to confirm and perfect such assignment, as shall reasonably be requested by Landlord. Such failure by the Condominium Board to institute foreclosure proceeding within ninety (90) calendar days, or the failure to diligently prosecute the same to final judgment shall be deemed to be a Condominium Default hereunder.

(h) The Condominium Board shall cooperate with Landlord in any actions or proceedings brought or rights or remedies exercised by Landlord, including, without limitation, the Legal Proceedings, against any Defaulting Unit Owner (and such other Persons as Landlord may deem necessary or desirable) and, upon Landlord's request, and at no cost or expense to Landlord, shall promptly furnish to Landlord such information and documentation as may reasonably be requested by Landlord.

(i) If, during the pendency of any such action or proceeding by Landlord, the Condominium Board or the Defaulting Unit Owner's Unit Mortgagee remedies such Unit Owner

Default, Landlord shall take reasonable action to permit the party so acting to continue such action or proceeding.

(j) Any funds received by the Condominium Board, by any Unit Mortgagee or by Landlord in respect of a Unit Owner Default shall be applied according to the following priority:

(i) first, to pay such Defaulting Unit Owner's Proportionate Rent obligations to Landlord, together with interest thereon at the Involuntary Rate commencing on the date on which such Proportionate Rent was due, to the extent such sums were not previously withdrawn from the Security Fund (the obligations described in this clause (i) are herein referred to as the "Unit Obligations");

(ii) second, to reimburse the Security Fund for any amounts withdrawn therefrom by Landlord in accordance with the terms of this Lease in respect of such Unit Owner Default or any Condominium Costs attributable to the Units.

(iii) third, to satisfy any tax liens and other liens, if any, with respect to the Unit or the Defaulting Unit Owner as to which such Unit Default has occurred, which have priority over the lien of the Condominium Board for Common Charges or the lien of any Unit Mortgagee;

(iv) fourth, to pay such Defaulting Unit Owner's monetary obligations to the Unit Mortgagee, if any, under a Unit Mortgage the lien of which has first priority ahead of any other mortgage lien;

(v) fifth, to pay to Landlord the balance of any Rent including any Landlord's Condominium Costs with respect to the Unit not otherwise reimbursed, together with the interest on the unpaid amount at the Involuntary Rate;

(vi) sixth, to pay to the Condominium Board the balance of any Common Charges due and unpaid by such Defaulting Unit Owner, including all Condominium Default Costs and all late fees and interest;

(vii) seventh, to pay such Defaulting Unit Owner's monetary obligations to any Unit Mortgagee under a Unit Mortgage the lien of which does not have first priority ahead of all other mortgage liens; and

(viii) eighth, any excess to such Defaulting Unit Owner or as may otherwise be required by law.

9. Security Fund.

(a) Declarant shall deliver or cause to be delivered to Landlord, immediately prior to the Condominium Date, cash in an aggregate amount of not less than the Security Fund Amount.

(b) The Security Fund Amount, as adjusted pursuant to Section 9(d), and any interest or income earned thereon are herein referred to as the "Security Fund". Landlord or the Condominium Depository, as the case may be, shall retain the Security Fund and shall disburse or cause disbursement of amounts therefrom only in accordance with the provisions of this Exhibit E.

(c) Landlord shall promptly deposit the Security Fund Amount delivered to it as cash with a commercial bank or trust company designated by Landlord that is a member of the New York Clearing House Association (the "Condominium Depository"). Landlord shall cause all monies so deposited with the Condominium Depository to be held in one or more insured interest bearing accounts or invested by the Condominium Depository in bank certificates of deposit or United States treasury obligations. Landlord shall promptly notify the Condominium Board of the identity and address of the Condominium Depository and shall cause the Condominium Depository to furnish the Condominium Board with any information reasonably requested by the Condominium Board with respect to the Security Fund on deposit with the Condominium Depository. The Condominium Depository fees, if any, shall be paid from the Security Fund.

(d) If not previously applied by Landlord in accordance with this Exhibit E, Landlord shall cause the Condominium Depository to disburse the Security Fund to the Condominium Board on the Expiration Date.

10. Application of Security Fund.

(a) Landlord shall be permitted to draw upon the Security Fund in whole or in part in payment of the following amounts (such amounts are herein called the "Deficiency Amounts"): (i) Landlord's Condominium Costs which remain unpaid by the Condominium Board for a period of twenty (20) days following Landlord's demand therefor as provided in Section 7(d) or (e), and (ii) any Unit Obligation which remains unpaid for a period of one hundred twenty (120) days. Landlord shall, within ten (10) days after any such draw on the Security Fund, notify the Condominium Board thereof, which notice is required to set forth the amount so drawn by Landlord pursuant to the foregoing provisions of this Section 10 and the basis under this Lease for the withdrawal of such amounts.

(b) If Landlord draws on the Security Fund pursuant to Section 10(a) in payment of any Unit Obligation, the resulting Deficiency Amount is required to be reimbursed as provided in Section 8(j). If Landlord draws on the Security Fund pursuant to Section 10(a) in payment of any Landlord's Condominium Costs, then the amount thereof shall be required to be assessed against all Units Owners and included in Proportionate Rent as part of Common Charges required to be paid to the Condominium Board and Landlord by the appropriate Unit Owner(s), or, if appropriate under the Condominium Documents, by all Residential Unit Owners. The portion of

Proportionate Rent that is paid by Unit Owners pursuant to the preceding sentence is required to be paid to Landlord and deposited in the Security Fund as provided in Section 10(c).

(c) If after such time that Landlord has drawn on the Security Fund pursuant to Section 4(a), the Condominium Board or any other Person reimburses Landlord for all or any portion of the applicable Deficiency Amount, Landlord shall promptly deposit the amount of such reimbursement with the Condominium Depository for deposit in the Security Fund.

11. Effect of Unit Owner Default on other Unit Owners.

From and after the Condominium Date, failure of any Unit Owner to pay Rent as required under this Lease or perform any other obligation required hereunder does not constitute a default of any other Unit Owner, or otherwise entitle Landlord to terminate this Lease or repossess the Premises or any portion thereof hereunder or otherwise. Nothing contained in the preceding sentence shall prevent Landlord from exercising any of its rights against a Defaulting Unit Owner, subject to the provisions of this Lease, including Landlord's rights to commence and prosecute an action or proceeding against a Defaulting Unit Owner. Notwithstanding any other provision of this Exhibit E, if Tenant or any successor of Tenant, whether as Declarant or as Unit Owner or otherwise, fails to make any payment to Landlord required to be made under this Lease, or otherwise fails to perform any obligation required to be performed by Tenant under this Lease, and such failure occurs before the Condominium Date, then Landlord may exercise all of its rights and remedies under this Lease against any Tenant, Declarant and any other Person (whether or not the Declaration has been recorded), including the termination of this Lease.

12. Remedies Cumulative. The rights and remedies of Landlord set forth in this Exhibit E shall be cumulative and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Exhibit E does not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Exhibit E. Landlord shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Landlord, and then only to the extent therein set forth. A waiver by Landlord of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Landlord would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Landlord any right, power or privilege hereunder shall operate as waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and shall be construed as affording Landlord rights additional to and not exclusive of any rights and remedies conferred under the laws of the State of New York or any other laws.

13. Miscellaneous.

(a) If Taxes are assessed and levied by New York City against any Unit, Landlord shall credit payment of such Taxes to New York City by each Unit Owner against Proportionate Rent payable by such Unit Owner.

(b) Subject to the rights of Landlord under this Lease and any Unit Deed, the Condominium Board is entitled to maintain its lien for unpaid Common Charges as provided in the Condominium Act.

(c) Except as otherwise specifically provided in this Lease, any notice, demand, request, consent, approval or other communication provided in this Lease or in any Unit Deed to be given by Landlord to Tenant or to a Unit Owner is effective if addressed to the Condominium Board on behalf of all Unit Owners and given or served as provided in Article 24 of the Lease, except any such notice, demand, request, consent, approval or other communication relating solely to a Unit Owner or such Unit Owner's Unit is effective only if addressed to the affected Unit Owner and given or served as provided in Article 24 of the Lease.

(d) At such time as the Units are separately assessed by the New York City Department of Finance, PILOT payments with respect to each Unit under Section 3.02 of the Lease will be calculated based on the tax assessment for such Unit. Until such time as the Units are separately assessed by the New York City Department of Finance, PILOT payments with respect to each Unit under Section 3.02 of the Lease will be calculated in accordance with the terms of the Condominium Documents.

(e) Subject to compliance with the provisions of Article 12 of the Lease, any Unit Owner, except a Defaulting Unit Owner, may make any changes, alterations or additions to the interior of its Unit and may combine two or more of its Units and may subdivide and otherwise reconfigure a Unit without Landlord's consent.

(f) The Introduction section of the Condominium Plan is required to contain the following provisions:

(i) "DETERMINATION BY BATTERY PARK CITY AUTHORITY THAT THIS PLAN AND THE DECLARATION AND BYLAWS OF THE CONDOMINIUM CONFORM TO THE PROVISIONS OF THE LEASE DOES NOT MEAN THAT BATTERY PARK CITY AUTHORITY HAS APPROVED THIS OFFERING."

(ii) "EACH UNIT OWNER IS REQUIRED TO PAY, AS PART OF SUCH UNIT OWNER'S COMMON CHARGES, PROPORTIONATE RENT WHICH IS DUE AND PAYABLE TO BATTERY PARK CITY AUTHORITY AS LANDLORD UNDER THE LEASE. SUBMISSION OF THE SPONSOR'S LEASEHOLD ESTATE IN

THE LAND AND THE BUILDING TO THE CONDOMINIUM FORM OF OWNERSHIP DOES NOT DIMINISH OR IMPAIR ANY OF LANDLORD'S RIGHTS AGAINST A UNIT OWNER WHO FAILS TO PAY SUCH UNIT OWNER'S PROPORTIONATE RENT OR OTHERWISE DEFAULTS UNDER ANY OF THE TERMS OR CONDITIONS OF THE LEASE OR THE CONDOMINIUM DOCUMENTS."

Annex 1 to Exhibit E
Resignation

To: Condominium Board of _____

Battery Park City Authority,
d/b/a Hugh L. Carey Battery
Park City Authority
One World Financial Center
New York, New York 10281
Attention: President

Ladies and Gentlemen:

The undersigned hereby tenders [his] [her] resignation as a member of the Condominium Board and the Board of the Condominium known as _____, such resignation to be effective upon (x) the occurrence of Condominium Default, as such term is defined in that certain Ground Lease, dated as of _____, 2000, as it may be amended from time to time (the "Lease"), between Battery Park City Authority, d/b/a Hugh L. Carey Battery Park City Authority, as landlord ("BPCA"), and the Condominium Board of _____, as successor to _____, as tenant, which has not been timely cured by the Condominium Board and/or the Condominium Board as provided in Section _____ of the Lease, and (y) acceptance of such resignation by BPCA in writing.

Very truly yours,

Name: _____
Address: _____

Phone No.: _____
Fax No.: _____

Date: _____

[THIS FORM TO BE COMPLETED AS APPROPRIATE]

Annex 2 to Exhibit E

MANAGEMENT AGREEMENT SUBORDINATION
RECOGNITION AND ATTORNMENT AGREEMENT

THIS MANAGEMENT AGREEMENT SUBORDINATION RECOGNITION AND ATTORNMENT AGREEMENT (this "Agreement"), made as of this ____ day of ____, ____, among BATTERY PARK CITY AUTHORITY, d/b/a HUGH L. CAREY BATTERY PARK CITY AUTHORITY, a body corporate and politic constituting a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281 ("Landlord"); [Tenant under the Ground Lease] having an office at [Address] ("Tenant"); and [Name of Manager], a _____ having an office at _____ ("Manager").

W I T N E S S E T H:

WHEREAS, [whereas clauses to be conformed] pursuant to that certain Ground Lease dated as of _____, 2000 between Landlord and Tenant, as successor to _____ (such lease, as the same may be assigned, amended or restated from time to time, the "Ground Lease"), Tenant is the tenant of a leasehold estate of certain real property known as Site ____ located in Battery Park City, New York, New York, more particularly described on Schedule A attached hereto and made a part hereof (the "Land"), upon which is constructed a building and related improvements (the "Development"), containing and residential apartments (the "Tenant's leasehold interest in the Land and the Development are collectively referred to herein as the "Premises");

WHEREAS, a Memorandum of the Ground Lease was recorded on _____ in Reel _____, page _____, in the office of the City Register of the City of New York for the County of New York;

WHEREAS, Tenant [intends to convert] [has converted] the Development to condominium ownership pursuant to the terms of the Ground Lease and desires to retain its affiliate, the Manager, to manage the components of the Development pursuant to the [describe Management Agreement], as from time to time amended, modified or supplemented (the "Management Agreement");

WHEREAS, it is a requirement of the Landlord under the Ground Lease that Tenant and Manager execute and deliver this Agreement to Landlord;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and agreements set forth herein and for ten dollars (\$10.00) and other good and valuable

consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties hereto agree as follows:

1. Effectiveness. The terms and provisions of this Agreement shall be effective from and after the date hereof, and shall apply to the Management Agreement and any and all amendments and modifications thereof entered into from time to time by Tenant or its successors and assigns with the Manager or its successors and assigns.

2. Subordination. (a) Each of Tenant and Manager hereby covenants and agrees that the Management Agreement and Manager's rights thereunder (including, without limitation, Manager's right to receive any fees or compensation thereunder) are, and shall at all times continue to be, subject and subordinate in each and every respect to the Ground Lease, the Master Lease, the Title Matters, all mortgages and any other instruments senior to the Ground Lease and, upon the Condominium Date, to the Condominium Documents. Manager, upon written request from Landlord, shall execute and deliver any further certificate or other instrument which Landlord may reasonably request to confirm said subordination by Manager.

(b) The parties hereto hereby agree that upon the Condominium Date, the Tenant's rights and obligations under the Management Agreement shall automatically, and without the need of any action on the part of any party thereto, be transferred to and assumed by the Condominium Board, as the successor Tenant under the Ground Lease, provided that the rights of Manager thereunder shall at all time be subject and subordinate to the rights of Landlord and its successors and assigns as set forth in subsection (a) above.

3. Estoppel. Manager hereby represents and warrants to Landlord as follows, with the understanding that Landlord is relying on the truth and accuracy of the representations and warranties set forth in this Section 3:

(a) The Management Agreement is unmodified as of the date hereof and is in full force and effect and there are no other agreements between Tenant and Manager that would be binding upon any successor in interest to Tenant other than the Management Agreement.

(b) Manager has received payment in full of all fees due and currently payable to Manager under the Management Agreement.

(c) Manager is not aware of any default by either party under the Management Agreement. As of the date of this Agreement, to Manager's knowledge, Manager has no accrued cause of action, claim or right of offset under the Management Agreement or any defenses to its obligation to perform under the Management Agreement.

4. Rights of Landlord upon Default.

(a) Upon receipt by Manager of written notice from Landlord that an Event of Default has occurred and is continuing under the Ground Lease, Landlord shall have the right to exercise all rights as Tenant under the Management Agreement for so long as such Event of Default is outstanding.

(b) Notwithstanding anything to the contrary contained herein or in the Management Agreement, Landlord shall have the right at any time upon the occurrence of the Termination Event (as defined below) to terminate the Management Agreement, without cause and without liability and immediately upon receipt of notice, by giving written notice to Manager of its election to do so.

(c) For purposes hereof, the term "Termination Event" shall mean either to occur of (x) the vote at the request of Landlord of a majority of the then Residential Unit Owners (excluding any votes held by Affiliates of the Manager) to terminate the Management Agreement after the occurrence of an Event of Default under the Ground Lease.

5. Attornment. Upon the termination of the Ground Lease, Landlord shall have the right, exercisable at any time within thirty (30) days after such termination, to require Manager to attorn to and to recognize Landlord as successor to Tenant under the Management Agreement, in which case the following provisions shall apply:

(a) Manager shall be bound to Landlord under all of the terms, covenants and conditions of the Management Agreement, or subject to the terms thereof, for the remainder of the term of the Management Agreement, with the same force and effect as if Landlord were the "Owner", under the Management Agreement. Manager shall attorn to and recognize Landlord as "Owner", as applicable, under the Management Agreement, with such attornment being effective and self-operative without the execution of any further instruments. Manager, upon written request from Landlord, shall execute and deliver any certificate or other instrument which Landlord may reasonably request to confirm such attornment by Manager. Landlord and Manager hereby waive the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give Landlord and/or Tenant any right or election to terminate or otherwise adversely affect the Management Agreement or the obligations of Tenant and Landlord thereunder by reason of any termination of the Ground Lease.

(b) Landlord shall succeed to the position, rights and obligations of "Owner", under the Management Agreement; provided however that Landlord shall not be:

(i) liable for any previous act or omission of Tenant under the Management Agreement;

(ii) responsible for any monies then owing by Tenant to the credit of Manager;

(iii) subject to any offsets, claims, counterclaims, demands or defenses which Manager may have against Tenant under the Management Agreement;

(iv) bound by any covenant in the Management Agreement to either (i) undertake or complete any construction of, in or about the Premises (or any part thereof), or in the event of a casualty or condemnation, to restore the Premises (or any part thereof); or (ii) provide any money or credit or concession, by way of an allowance to Manager or otherwise, to or for any such construction or restoration in the case of a casualty or condemnation;

(v) bound by any amendment, or modification or surrender of the Management Agreement, made after the date hereof, to which Landlord shall not have given its consent in writing which consent shall not be unreasonably withheld or delayed with respect to immaterial amendments and/or modifications; and

(vi) personally liable for the obligations of "Owner", as applicable, under the Management Agreement, it being agreed that Manager shall look solely to the interest of Landlord in the Premises for satisfaction of such obligations.

(c) If Landlord succeeds to the position, rights and obligations of "Owner", as applicable, under the Management Agreement, Landlord shall have the right to assign its interest under the Management Agreement to a third party or parties and, effective on any such assignment, Landlord shall be released from any further liability thereof.

6. Payments to Landlord. Manager and Tenant hereby agree that, following an Event of Default (as defined in the Ground Lease) by Tenant under the Ground Lease of which Landlord has notified Manager in writing, in the event of a demand on Manager by Landlord for the payment to it of any sums due to Tenant under the Management Agreement, Manager shall, and is hereby authorized and directed by Tenant to, pay said sums directly to Landlord for so long as any such Event of Default is continuing; payment of said sums by Manager to Landlord pursuant to such demand shall constitute performance of Manager's obligations under the Management Agreement for the payment of the same to Tenant, to the extent of the payments so made. Manager shall have no obligation to investigate the validity of any such default notices.

7. Leases and Submanagement Agreements Subordinate. (a) Any lease or sublease entered into by Manager on behalf of Tenant with respect to the Development, or any portion thereof, shall be made expressly subject and subordinate to the Ground Lease, the Title

Matters, the Master Lease, all mortgagees and any other instruments senior to the Ground Lease, and upon the Condominium Date, to the Condominium Documents.

(b) Any and all submanagement or other agreements entered into by Manager in connection with the Development, or any portion thereof, shall be made expressly subject and subordinate to the Management Agreement, this Agreement, the Ground Lease, the Title Matters, the Master Lease, all mortgagees and any other instruments senior to the Ground Lease, and upon the Condominium Date, to the Condominium Documents. Upon termination of the Management Agreement, any parties to any such submanagement agreement shall expressly agree for the benefit of the Landlord that any such submanagement agreement shall be terminated or, at the option of the Landlord, any such submanager or agent shall attorn to the Landlord on substantially the same terms as are set forth in Section 5.

8. Conflict. In the event of any inconsistency between the terms of this Agreement and the terms of the Management Agreement, the terms of this Agreement shall control.

9. Modification. This Agreement may not be modified except by an agreement in writing signed by the parties or their respective successors in interest.

10. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns.

11. Notices. All notices, demands or requests made pursuant to, under, or by virtue of this Agreement must be in writing and delivered to the party to whom the notice, demand or request is being made by personal delivery with receipt acknowledged or by mailing the same by registered or certified mail, postage prepaid, return receipt requested or by Fed Ex or other similar reputable national overnight courier service: (i) if to Landlord, at One World Financial Center, New York, New York 10281, Attention: President, with a copy to General Counsel, and an additional copy to _____; (b) if to Tenant, _____, with an additional copy to _____; (c) if to Manager, _____, with an additional copy to _____; or to such other address as any party may from time to time designate by notice given to the other parties in the manner herein provided at least fifteen (15) days prior to such address becoming effective.

12. Miscellaneous.

(a) This Agreement and the rights and obligations of the parties hereunder shall be governed by, construed and enforced in accordance with the laws of the State of New York applicable to agreements to be performed entirely within such state (without regard to the principles of conflicts of laws).

(b) Should any term or provision of this Agreement or the application thereof to any Person or circumstances any extent, be invalid or unenforceable, the parties hereby agree to modify such term or provision so that the remainder of this Agreement shall not be affected and that the balance of which shall continue to be binding upon the parties hereto with any such modification to become a part hereof and treated as though originally set forth in this Agreement. The parties further agree to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as are appropriate to carry out the intent of the parties as embodied herein to the maximum extent permitted by law. The parties expressly agree that this Agreement as so modified shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been set forth herein.

13. Signature Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same Agreement.

14. Capitalized Terms. All capitalized terms used herein which are not otherwise defined shall have the respective meanings ascribed to such terms in the Ground Lease.

15. Further Assurances. Landlord, Tenant and Manager shall execute such documents as may be necessary or reasonably requested by any party hereto to carry out and consummate the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

Landlord:

BATTERY PARK CITY AUTHORITY, d/b/a HUGH L.
CAREY BATTERY PARK CITY AUTHORITY

By: _____

Name:

Title:

Tenant:

[_____]

By:

Name:

Title:

Manager:

By:

Name:

Title:

Attachments:

Acknowledgments

Schedule A (Legal Description)

Annex 3 to Exhibit E

**UNIT MORTGAGE SUBORDINATION AND RECOGNITION AGREEMENT
(Mortgagees)**

AGREEMENT, dated as of _____, __, (this "Agreement") between THE BOARD OF MANAGERS OF _____, an unincorporated association having an address at _____ (the "Board"), BATTERY PARK CITY AUTHORITY, d/b/a HUGH L. CAREY Battery Park City Authority, a body corporate and politic constituting a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281, (together with its successors, assigns and mortgagees, "BPCA"), [UNIT OWNER], having an address at _____ ("Unit Owner") and [UNIT MORTGAGEE], having an address at _____ (together with its successors and assigns, "Mortgagee").

WITNESSETH:

WHEREAS, BPCA, as ground lessor, and _____ ("Developer"), have entered into that certain Ground Lease dated as of _____, a memorandum of which dated as of _____ was recorded on _____, in Reel _____, Page _____ in the office of the City Register of the City of New York for the County of New York (such lease, as the same may be assigned, amended or restated from time to time, the "Ground Lease") pursuant to which BPCA leased to Developer that certain land described on Exhibit A hereto (the "Land"), together with the improvements to be constructed thereon;

WHEREAS, the leasehold condominium known as _____, having the street address _____ (the "Condominium") was created by that certain declaration dated _____ recorded on _____ in the office of the City Register of the City of New York for the County of New York at Reel _____, Page _____ (the "Declaration") subjecting the ground lessee's interest in the Land and the building and other improvements thereon (collectively, the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York;

WHEREAS, the Condominium is subject and subordinate to the Ground Lease in all respects;

WHEREAS, the Unit Owner is the Owner of Unit _____ (the "Unit") in the Condominium, Block _____, Lot _____;

WHEREAS, Mortgagee is making [has made] a loan to the Unit Owner secured by a [first] [subordinate] mortgage lien (the "Unit Mortgage") against the Unit Owner's interest in the Unit which is being recorded simultaneously herewith in the sum of \$ _____;

WHEREAS, each Unit Owner is obligated to pay as part of such Unit Owner's Common Charges "Proportionate Rent" as such term is defined under the Ground Lease and the Declaration; and

WHEREAS, under the terms of the Ground Lease, the Unit Owner may not mortgage the Unit unless the Mortgagee making such loan enters into this Agreement.

NOW, THEREFORE, in consideration of the premises and agreements set forth herein and for Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subordination. Unit Owner and Mortgagee hereby agree and acknowledge that their respective interests in the Unit and the Unit Mortgage are subject to the terms of this Agreement and subject and subordinate to the Ground Lease.

2. Common Charges. The Board hereby represents that Common Charges for the Unit have been paid through _____. BPCA hereby represents that, to the best of its knowledge, as of the date of this Agreement there is no default in the payment of Proportionate Rent due with respect to the Unit.

3. Priority of Lien. (a) The parties hereto expressly agree that the interest of the Unit Owner is subject and subordinate to the interest of BPCA, its successors, assigns and mortgagees, under the Ground Lease, and that the interest and rights of Mortgagee in respect of the Unit Mortgage, including the right of Mortgagee to be paid any amount due on account of the Unit Mortgage are subject and subordinate to BPCA's right to be paid Proportionate Rent, together with interest and collection and other costs set forth in the Ground Lease. To the extent that Section 339(z) of the Real Property Law has any application to Proportionate Rent to be paid by the Unit Owner, Mortgagee and the Unit Owner hereby expressly and irrevocably waive for the benefit of BPCA and the Board any rights they may have under or pursuant to said Section 339(z). Mortgagee further agrees and acknowledges that to the extent that the Unit Mortgage is not a first mortgage lien on the Unit, the lien of the Unit Mortgage is subject and subordinate to the Board's right to be paid Common Charges and to BPCA's right to receive all Rent payable under the Ground Lease allocable to the, Unit.

(b) Mortgagee hereby agrees that in the event that it shall at any time receive any funds or proceeds resulting from the foreclosure or enforcement of its lien against the Unit in violation of the priorities of right to payment set forth in Section 3(a) and Section 10 of this Agreement, Mortgagee shall hold such funds in trust for and on behalf of BPCA and shall turn such funds over to BPCA on demand.

4. Default Notices. In the event of a default by the Unit Owner in the payment of Common Charges (a "Unit Owner Default") the Board will issue a notice of such Unit Owner Default to the Unit Owner within ten (10) business days thereof, with a copy of such notice to be issued

simultaneously to Mortgagee and to BPCA. If the Board fails to give such notice, BPCA is permitted, but not obligated, to give such notice to the Unit Owner and the Mortgagee. In the event of a default by the Board with respect to its obligations under the Ground Lease (hereinafter a "Condominium Default") BPCA will give notice thereof to the Board, and the Board shall deliver a copy of such notice to the Mortgagee and to the Unit Owner, provided that if the Condominium Default is a monetary default, BPCA shall also deliver a copy of such default notice to Mortgagee and to the Unit Owner.

5. Unit Owner Default. Mortgagee shall have the right to cure a Unit Owner Default, and BPCA shall accept payments from the Mortgagee on behalf of the Unit Owner within thirty (30) days after receipt of the notice of default from the Board or BPCA. If Mortgagee fails to timely cure the Unit Owner Default and if the Board or the Board fails to institute foreclosure proceedings within ninety (90) days after the issuance of the notice of default described in Paragraph 4 of this Agreement, the Board, the Mortgagee and Unit Owner acknowledge and agree that BPCA shall have the right to institute such proceedings. If, during the pendency of any Legal Proceeding (as hereinafter defined) by BPCA, the Mortgagee remedies the Unit Owner Default, BPCA shall, at the reasonable request of such Mortgagee, either discontinue such proceeding or assign its interests in such proceeding to the Mortgagee, without recourse, to permit the Mortgagee to continue such action or proceeding.

6. Condominium Default. In the event of a Condominium Default, the Mortgagee shall have a period of forty-five (45) days from the issuance of notice by BPCA as provided in Paragraph 4 of this Agreement, or such longer period as may be granted by BPCA in writing, in its sole discretion, to remedy or cause to be remedied such Condominium Default. In the event of a Condominium Default which cannot by its nature reasonably be cured within such forty-five (45) day period, the Board, the Unit Owners or the Mortgagee may take such actions (the "Unit Owner Action") to be commenced within such forty-five (45) day period and shall thereafter cause such Unit Owner Action, to be prosecuted diligently, continuously and in good faith to completion to cause the Condominium Default promptly thereafter to be remedied. Notwithstanding anything to the contrary set forth above, any Condominium Default will be required to be remedied within one hundred eighty (180) days after the date on which BPCA has given notice as provided in Paragraph 4 of this Agreement (or within such longer period to which BPCA may consent in writing). If Unit Owner Action is required to remedy a Condominium Default, the Board, the Unit Owner or the Recognized Unit Mortgagee, as the case may be, shall notify BPCA thereof and shall keep BPCA fully and currently informed of the status of such Unit Owner Action, the nature and timing of such Unit Owner Action and each step, act or thing done in connection therewith, together with the anticipated completion date of such Unit Owner Action. BPCA acknowledges that Mortgagee is permitted but not required to cure a Condominium Default. No payment by Mortgagee or performance of any terms, conditions, covenants and agreements that are required to be performed by the Board under this Ground Lease by Mortgagee as permitted under this Agreement is intended to limit Mortgagee's rights against the Unit Owner.

7. Notices. All notices, demands or requests made pursuant to, under, or by virtue of this Agreement must be in writing and delivered to the party to whom the notice, demand or request

is being made by personal delivery with receipt acknowledged or by mailing the same by registered or certified mail, postage prepaid, return receipt requested, or by FedEx or other similar reputable national overnight courier service, (a) if to BPCA, at One World Financial Center, New York, New York 10281, Attention: President, with a copy to General Counsel, and with an additional copy to _____; (b) if to the Board, _____, with an additional copy to _____; (c) if to Unit Owner, at _____; and (d) if to Mortgagee, at _____, with an additional copy to _____; or to such other address as any party may from time to time designate by notice given to the other parties in the manner herein provided at least fifteen (15) days prior to such address becoming effective. Every notice is deemed to have been given and served when addressed as provided in the preceding sentence, and when delivered (if delivered by hand), or three business days after the date when deposited with the United States mail, postage prepaid, in the manner aforesaid (if mailed), or one business day after the date when deposited with the courier service (except that a notice designating the name or address of a person to whom any notice, or copy thereof, must be sent is deemed to have been given when same is received).

8. Legal Proceedings. After the giving of notice as described in Paragraph 4 hereof and the expiration of the time for cure or the time for action by the Board as provided in Paragraphs 5 and 6 hereof, BPCA may exercise its rights under the Ground Lease for any Unit Owner Default or any Condominium Default that remains uncured, including, without limitation, the right to prosecute a foreclosure of any statutory lien provided under the Condominium Act, including, without limitation, the lien for Common Charges provided therein (which lien is hereby assigned by the Board to BPCA) or a suit to recover a money judgment (such proceedings are hereinafter referred to as the "Legal Proceedings") against the Unit Owner and the Unit Owner's interest in the Unit. If Mortgagee does not cure a Unit Owner Default as permitted under the Ground Lease and this Agreement, BPCA will have no obligation to Mortgagee with respect to such Unit Owner Default, except that in the event of a transfer or letting of the Unit by BPCA as a result of such Unit Owner Default, whether or not as the result of Legal Proceedings, BPCA shall recognize Mortgagee's rights as lienor as more fully described in Paragraph 10 of this Agreement.

9. Mortgagee Rights to Enforce Lien. BPCA hereby recognizes the rights of Mortgagee as a lienor against the Unit, including Mortgagee's right (a) to foreclose or otherwise enforce its lien against the Unit Owner's interest in the Unit, or to acquire such interest by assignment in lieu of foreclosure, and (b) to transfer its interest therein as provided for in the agreements between Mortgagee and the Unit Owner, subject to BPCA's rights under the Ground Lease and this Agreement, and (c) in any of such events, to have the Unit Owner's interest in the Unit transferred on the books and records of BPCA to Mortgagee's name or the name of its designee.

10. Rights to Proceeds. If BPCA prosecutes Legal Proceedings against the Unit Owner or Mortgagee succeeds to the interest of the Unit Owner in the Unit, BPCA will recognize the rights of the Mortgagee against the proceeds realized by BPCA or by Mortgagee as a result thereof, subject, however, to the priorities as described herein and in Exhibit E of the Ground Lease. Mortgagee shall indemnify BPCA against any loss, damage, claim and expense (including reasonable attorneys'

fees and disbursements) which BPCA may incur or suffer by reason of any claim by the Unit Owner regarding Mortgagee's acts and BPCA's acts undertaken upon Mortgagee's request relating to this Agreement. The foregoing indemnity shall continue to apply to the acts of Mortgagee or its designee from and after any transfer of the Unit to Mortgagee or its designee. BPCA will give Mortgagee prompt notice of any such claim and Mortgagee may contest any such claim in the name and on behalf of BPCA, but at the expense of Mortgagee. BPCA will cooperate with the Mortgagee in such defense and execute all documents and take all acts reasonably required therefor.

11. BPCA's Rights. The terms and provisions hereof are subject to all of the terms and provisions of the Ground Lease, including, without limitation, the terms and provisions of Exhibit E thereof. Except for the express accommodations to the Mortgagee as set forth herein, nothing herein shall be deemed to limit the rights and remedies of BPCA under the Ground Lease in respect of any Condominium Default or Unit Owner Default or any other default thereunder. In the event of any conflict between the terms of the Ground Lease and the terms hereof or of the Condominium Documents, the terms of the Ground Lease shall control.

12. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, representatives, successors and assigns, including, without limitation, any party to which Mortgagee may transfer, sell or assign its interest in the Unit Mortgage and its rights thereunder and hereunder. The failure of the Board or of the Unit Owner to execute and deliver this Agreement shall not affect the validity on or enforceability of this Agreement against any party that has executed and delivered this Agreement.

13. Further Assurances. BPCA, the Board, Unit Owner and Mortgagee shall execute and deliver such other further documents and instruments as may be necessary or reasonably requested by any party hereto to carry out and consummate the transactions contemplated by this Agreement.

14. Capitalized Terms. Capitalized terms not defined herein are used as defined in the Ground Lease, and to the extent not defined therein, in the Declaration.

15. Governing Law. (a) This Agreement and the rights and obligations of the parties hereunder shall be governed by, construed and enforced in accordance with the laws of the State of New York applicable to agreements to be performed entirely within such state (without regard to principles of conflicts of laws). This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

(b) Should any term or provision of this Agreement or the application thereof to any Person or circumstances, to any extent, be invalid or unenforceable, the parties hereby agree to modify such term or provision so that the remainder of this Agreement shall not be affected and that the balance of which shall continue to be binding upon the parties hereto with any such modification to become a part hereof and treated as though originally set forth in this Agreement. The parties further agree to modify any such unenforceable provision of this Agreement in lieu of severing such

unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as are appropriate to carry out the intent of the parties as embodied herein to the maximum extent permitted by law. The parties expressly agree that this Agreement as so modified shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been set forth herein.

* * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

[CONDOMINIUM BOARD]

By: _____
Name:
Title:

BATTERY PARK CITY AUTHORITY d/b/a HUGH L.
CAREY BATTERY PARK CITY AUTHORITY

By: _____
Name:
Title:

[MORTGAGEE]

By: _____
Name:
Title:

[UNIT OWNER]

By: _____
Name:
Title:

Attachments:
Acknowledgments
Exhibit A - Legal Description