
AGREEMENT OF LEASE

between

**BATTERY PARK CITY AUTHORITY,
Landlord**

and

**TRIBECA LANDING L.L.C.,
Tenant**

Dated: As of November 17, 1997

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AGREEMENT OF LEASE (this "Lease") dated as of the 20th day of November, 1997 between **BATTERY PARK CITY AUTHORITY** ("Landlord"), 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 LANDING L.L.C.** ("Tenant"), a New York limited liability company having an office at c/o Rockrose Development Corp., 309 East 45th Street, New York, New York 10017.

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

The terms defined in this Article 1 shall, for all purposes of this Lease, have the following meanings.

"Adjusted Tax Equivalent" shall have the meaning provided in Section 3.02(c).

"Affiliate" shall mean (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.

"Annual Percentage Rent Statement" shall have the meaning provided in Section 3.08(d).

"Apartment Corporation" shall have the meaning set forth in the Cooperative Plan (hereinafter defined).

"Applicable Percentage" shall mean (A) with respect to the first Lease Year (hereinafter defined) in the Second Period, Third Period, Fourth Period and Fifth Period (each as hereinafter defined), one hundred and three percent (103%), (B) with respect to the second Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and six

percent (106%), (C) with respect to the third Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and nine percent (109%), (D) with respect to the fourth Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and twelve percent (112%), (E) with respect to the fifth Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and fifteen percent (115%), (F) with respect to the sixth Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and eighteen percent (118%), (G) with respect to the seventh Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and twenty-one percent (121%), (H) with respect to the eighth Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and twenty-four percent (124%), (I) with respect to the ninth Lease Year in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and twenty-seven percent (127%) and (J) with respect to the tenth through fifteenth Lease Years in the Second Period, Third Period, Fourth Period and Fifth Period, one hundred and thirty percent (130%).

"Approved Remedies" shall have the meaning provided in Section 26.04(a).

"Architect" shall mean Gruzen, Samton, and/or any other architect approved by Landlord, which approval shall not be unreasonably withheld.

"Base Rent" shall have the meaning provided in Section 3.01(a).

"Board of Managers" shall have the meaning provided in Section 12.01.

"Building" shall mean the building, including footings and foundations, Equipment (hereinafter defined) and other improvements and appurtenances of every kind and description hereafter erected, constructed, or placed upon the Land (hereinafter defined) including, without limitation, Capital Improvements (hereinafter defined), and any and all alterations and replacements thereof, additions thereto and substitutions therefor.

"Business Days" shall mean 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" shall have the meaning provided in Section 13.01.

"Certificate of Occupancy" shall mean a certificate of occupancy issued by the Department of Buildings of New York City pursuant to Section 645 of the New York City Charter or other similar certificate issued by a department or agency of New York City.

"Civic Facilities" shall have the meaning provided in Section 26.01(a).

"Civic Facilities Payment" shall have the meaning provided in Section 26.05(a).

"Commencement Date" shall mean the date of this lease.

"Commencement of Construction" shall mean the date upon which on-site construction of the Building shall commence, including any excavation or pile driving but not including test borings, test pilings, surveys and similar pre-construction activities.

"Completion of the Building" shall mean the issuance of a temporary or permanent Certificate or Certificates of Occupancy for all residential space in the Building and (i) if Tenant's estate in the Premises shall have been submitted to a cooperative form of ownership (x) satisfaction by Tenant of the provisions of Section 10.01(d)(i), (y) the assignment by Tenant of its interest in this Lease to the Apartment Corporation and (z) consummation of the sale by Tenant (or any holder of unsold shares) of such number of the Cooperative Apartments (hereinafter defined) to bona fide purchasers pursuant to purchase or subscription agreements theretofore delivered to Landlord as shall be required to declare the Cooperative Plan effective pursuant to all applicable Requirements or (ii) if Tenant's estate in the Premises shall have been submitted to a condominium form of ownership, the declaration of the effectiveness of the Condominium Plan pursuant to all applicable Requirements.

"Condominium Act" shall mean Article 9-B of the Real Property Law of the State of New York or any statute in lieu thereof.

"Condominium Plan" shall mean the plan of Tenant to submit Tenant's leasehold estate in the Premises to condominium ownership, together with all amendments, modifications and supplements thereto.

"Construction Agreements" shall mean agreements for construction, Restoration (hereinafter defined), Capital Improvement, rehabilitation, alteration, repair or demolition performed pursuant to this Lease.

"Construction Commencement Date" shall mean the earlier to occur of (i) the date upon which Commencement of Construction occurs and (ii) the date which is sixty (60) days after the Commencement Date.

"Construction Documents" shall have the meaning provided in Section 11.02(c).

"Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the 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" shall mean each apartment in the Building offered pursuant to the Cooperative Plan.

"Cooperative Plan" shall mean the plan to submit Tenant's leasehold estate in the Premises to cooperative ownership, together with all amendments, modifications and supplements thereto.

"Corrected Incremental Rent" shall have the meaning provided in Section 3.01.

"Corrected PILOT" shall have the meaning provided in Section 3.02(b).

"C.P.A." shall have the meaning provided in Section 3.09(b).

"Default" shall mean any condition or event which constitutes or, after notice or lapse of time, or both, would constitute an Event of Default (hereinafter defined).

"Deficiency" shall have the meaning provided in Section 24.04(c).

"Depository" shall mean 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. In the event Tenant shall have failed to designate a Depository within ten (10) days after request of Landlord, Depository shall be the Institutional Lender holding the Mortgage having the highest priority, but if there shall be no such Institutional Lender, Landlord shall have the right to designate such Depository.

"Design/Construction Period Letter of Credit" shall have the meaning provided in Section 11.12.

"Design Development Plans" shall have the meaning provided in Section 11.02(b).

"Design Guidelines" shall mean the Design Guidelines for the North Neighborhood, dated 1994, as amended by a letter date May 19, 1995 from Philip R. Pitruzello, on behalf of Landlord, to John Petitt West III, on behalf of Tenant (attached as Exhibit B-1 hereto), and as the same may hereafter be amended, modified or supplemented in accordance with the provisions of Section 41.18.

"Due Date" shall mean, 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 Statutes" shall mean all federal, state and local laws, rules and regulations, whether now 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 et seq. (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 et seq. (known as SWDA) as amended by Resource Conservation and Recovery Act (known as RCRA); (3) National Environmental Policy Act, 42 U.S.C. §4321 et seq. (known as NEPA); (4) Toxic Substances Control Act, 15 U.S.C., §2601 et seq. (known as TSCA); (5) Safe Drinking Water Act, 42 U.S.C. §300(f) et seq. (known as Public Health Service Act, PHSA); (6) Refuse Act, 33 U.S.C. §407 et seq.; (7) Clean Water Act, 33 U.S.C. §1251 et seq. (known as Federal Water Pollution Control Act, FWPCA); (8) Clean Air Act, 42 U.S.C. §7401 et seq. (known as CAA); (9) The Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §1101 et seq. (known as EPCRTKA); (10) the Occupational Safety and Health Act, 29 U.S.C. §651 et seq. (known as OSHA); and (11) the New York Environmental Conservation Law, §1-0101 et seq. (known as ECL).

"Equipment" shall mean 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. "Equipment" shall not mean any fixture or utilities owned by any utility company.

"Event of Default" shall have the meaning provided in Section 24.01.

"Expiration Date" shall have the meaning provided in Article 2.

"Fifth Period" shall have the meaning provided in Section 3.01(a).

"First Appraisal Date" shall have the meaning provided in Section 3.01(c).

"First Period" shall have the meaning provided in Section 3.01(a).

"Fiscal Year" means Tenant's fiscal year, commencing on January 1 and ending on December 31.

"Fourth Period" shall have the meaning provided in Section 3.01(a).

"Governmental Authority (Authorities)" shall mean 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.

"Gross Non-Residential Revenue" shall mean, for the applicable period, all revenues received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, including, without limitation, base rent, fixed rent, percentage rent, additional rent and all other income, sums and charges, whether payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise. Notwithstanding the foregoing, Gross Non-Residential Revenue shall not include (i) any amounts included above but ultimately credited or refunded by Tenant or an Affiliate to Any Person, (ii) any sums received by Tenant or an Affiliate in payment for construction work beyond the building standard then performed by Tenant for non-residential subtenants generally or services beyond the building standard then provided by Tenant for non-residential subtenants generally, up to the fair market value of such work or services, (iii) sums paid to Tenant or an Affiliate for movie and television filming rights or the right to provide the Building with garbage collection or cable television services, a fiber optic network, roof antennae, telephone services, utility services, and food and beverage cart services, and (iv) transfers of funds between or among Tenant and Affiliates of Tenant.

"Gross Sales Price" shall mean, in respect of the sale of any Unit (as hereinafter defined) or Cooperative Apartment, as the case may be, all amounts received as consideration for the transfer of such Unit or Cooperative Apartment, including (a) all cash or cash equivalent proceeds, (b) the outstanding principal amount of any debt, and any interest accrued thereon, assumed by the purchaser in such sale or to which such sale is made subject, (c) the fair market value of any property received by or on behalf of Tenant as consideration, (d) the amount of any installments of the purchase price for such Unit or Cooperative Apartment payable subsequent to the closing of such sale, whether pursuant to a purchase money promissory note or otherwise and (e) any other consideration.

"Impositions" shall have the meaning provided in Section 4.01.

"Improvement Approvals" shall have the meaning provided in Section 13.01(a).

"Incremental Rent" shall have the meaning provided in Section 3.01(d).

"Indemnitees" shall have the meaning provided in Section 19.01.

"Initial Occupancy Date" shall have the meaning provided in Section 26.05(a).

"Institutional Lender" shall mean a savings bank, a savings and loan association, 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, 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 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

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 courts of the State of New York in any actions and (ii) the supervision of (A) the Comptroller of the Currency or the Department of Labor of the United States 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) each such entity, or combination of such entities, shall have individual or combined assets, as the case may be, of not less than Five Hundred Million (\$500,000,000) Dollars.

"Involuntary Rate" shall mean 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.

"Issuer" shall mean the issuer of a Letter of Credit (hereinafter defined).

"Land" shall mean the land described in Exhibit A hereto.

"Landlord", on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter "Landlord" shall mean only the landlord at the time in question under this Lease.

"Landlord's Civic Facilities" shall have the meaning provided in Section 26.01(c).

"Landlord's Project Manager" shall have the meaning provided in Section 11.02(e).

"Land Tax Equivalent" shall mean for any Tax Year, the product obtained by multiplying (i) the total assessed value of the Land in effect for the Tax Year in which the Commencement of Construction occurs (without regard to any exemption or abatement from real property taxation in effect prior to such Commencement of Construction) times (ii) the tax rate

applicable to comparable real property situated in the Borough of Manhattan for the Tax Year in which the payment is made.

"Lease" shall mean this Agreement of Lease and all amendments, modifications and supplements thereof.

"Letter of Credit" shall have the meaning provided in Section 43.01(a).

"Lease Year" shall mean 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" shall have the meaning provided in Section 26.03(a).

"Master Development Plan" shall mean 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 Section 41.18.

"Master Landlord", on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter, "Master Landlord" shall mean only the lessor at the time in question under the Master Lease (hereinafter defined).

"Master Lease" shall mean 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 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" shall have the meaning provided in Section 26.01(a).

"Mortgage" shall mean any mortgage which constitutes a lien on Tenant's interest in this Lease and the leasehold estate created hereby, provided such mortgage is held by (i) prior to Substantial Completion of the Building, an Institutional Lender, and from and after Substantial Completion of the Building, any Institutional Lender or any Person to whom an Institutional Lender shall have assigned such mortgage, other than (a) an Affiliate (unless such Affiliate is an Institutional Lender), or (b) a Person described in Section 10.01(c) 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 "Mortgage" shall not include a Unit Mortgage or Recognized Unit Mortgage.

"Mortgagee" shall mean the holder of a Mortgage. The term "Mortgagee" shall not include a Unit Mortgagee or the holder of a Recognized Unit Mortgage.

"Murray Street Triangle" shall have the meaning provided in Section 26.01(a).

"New York City" shall mean The City of New York, a municipal corporation of the State of New York.

"North Neighborhood Esplanade Budget" shall have the meaning provided in Section 26.05(b).

"North Neighborhood Parks Budget" shall have the meaning provided in Section 26.05(b).

"North Neighborhood Residential Parks" shall have the meaning provided in Section 26.01(a).

"North Neighborhood" shall mean that portion of the Project Area (hereinafter defined) identified in the Design Guidelines as the North Neighborhood.

"Non-Disturbance and Attornment Agreement" shall have the meaning provided in Section 10.09.

"Operating Costs" shall have the meaning provided in Section 26.05(a).

"Parks Budget" shall have the meaning provided in Section 26.05(b).

"Payment Period" shall have the meaning provided in Section 26.05(b).

"Payments in Lieu of Taxes" and "PILOT" shall have the meaning provided in Section 3.02.

"Percentage Rent" shall have the meaning provided in Section 3.08(a).

"Percentage Rent Commencement Date" shall have the meaning provided in Section 3.08(a).

"Person" shall mean 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" shall mean the Land and Building.

"Prime Rate" shall mean 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" shall have the meaning provided in Section 26.05(a).

"Project Area" shall mean the premises demised pursuant to the Master Lease.

"Qualifying Sublease" shall have the meaning provided in Section 10.09.

"Quarterly Percentage Rent Statement" shall have the meaning provided in Section 3.08(c).

"Reappraisal Date" shall have the meaning provided in Section 3.01(c).

"Recognized Unit Mortgage" shall mean a Unit Mortgage held by a Recognized Unit Mortgagee.

"Recognized Unit Mortgagee" shall mean a Unit Mortgagee that has entered into a recognition agreement with Landlord.

"Recourse Claims" means 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, 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 Article 19 of this Lease with respect to claims made by third parties only, to the extent the same would have been insured against pursuant to Article 7 but for Tenant's default.

"Regulatory Body" shall have the meaning provided in Section 3.06(d).

"Release Date" shall have the meaning provided in Section 3.06(b).

"Rent Commencement Date" shall mean the date of this lease.

"Rent Control Sanction" shall have the meaning provided in Section 3.06(d).

"Rent Officer" shall have the meaning provided in Section 3.06(c).

"Rent Program" shall have the meaning provided in Section 3.06(c).

"Rent Regulations" shall have the meaning provided in Section 3.06(a).

"Rent Insurance" shall have the meaning provided in Section 7.01(a)(iv).

"Rental" shall have the meaning provided in Section 3.05.

"Replacement Letter of Credit" shall have the meaning provided in Section 43.01(e).

"Requirements" shall have the meaning provided in Section 14.01.

"Residential Esplanade" shall have the meaning provided in Section 26.05(b).

"Residential Esplanade Budget" shall have the meaning provided in Section 26.05(b).

"Residential TCO" shall mean a temporary Certificate of Occupancy duly issued by the New York City Department of Buildings for residential space in the Building.

"Restoration" shall have the meaning provided in Section 8.01.

"Restoration Funds" shall have the meaning provided in Section 8.02(a).

"Restore" shall have the meaning provided in Section 8.01.

"Rockefeller Park" shall have the meaning provided in Section 26.01(a).

"Scheduled Completion Date" shall have the meaning provided in Section 11.04.

"Schematics" shall have the meaning provided in Section 11.02(a).

"Second Period" shall have the meaning provided in Section 3.01(a).

"Section 421-a" shall have the meaning provided in Section 3.06(a).

"Self-Help" shall have the meaning provided in Section 26.04(b).

"Settlement Agreement" shall mean 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 Section 41.18.

"Subleases" shall have the meaning provided in Section 10.04.

"Substantial Completion of the Buildings" or "Substantially Complete(d)" shall have the meanings provided in Section 11.04.

"Subtenants" shall have the meaning provided in Section 10.04.

"Tax Equivalent" shall mean the product obtained by multiplying (a) the total assessed value of the Premises for the Tax Year by (b) the tax rate applicable to comparable real property situated in the Borough of Manhattan for such Tax Year, provided that for the period described in Section 3.02(c)(iii), the total assessed value of the Premises for the purposes of this calculation shall be reduced by the total assessed value of the Land in effect for the Tax Year in which the Commencement of Construction occurs (without regard to any exemption or abatement from real property taxation in effect prior to such Commencement of Construction). As used herein, the term "total assessed value of the Premises" shall mean either the actual or the transitional assessed value of the Premises, in accordance with the then prevailing practice of the New York City Department of Finance or successor agency for the levying of real property taxes on comparable real property.

"Tax Year" shall mean each tax fiscal year of New York City.

"Taxes" shall mean 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.

"Tenant" shall mean Tribeca Landing L.L.C. and, if Tribeca Landing L.L.C. or any successor to its interest hereunder shall in accordance with the terms of this Lease assign or transfer its interest hereunder or any portion thereof, the term "Tenant" shall mean only any such assignee or transferee.

"Tenant's Civic Facilities" shall have the meaning provided in Section 26.01(b).

"Tenant-Stockholder" shall mean any Person acquiring shares in the Apartment Corporation and the interest of lessee under the proprietary lease appurtenant to such shares.

"Term" shall mean the term of this Lease as set forth in Article 2 hereof.

"Third Period" shall have the meaning provided in Section 3.01(a).

"Title Matters" shall mean only those matters affecting title to the Land set forth in Exhibit B hereto.

"Transaction Payment" or "Transaction Payments" shall have the meaning provided in Section 3.04.

"Transfer" shall have the meaning provided in Section 10.01(a).

"Unavoidable Delays" shall mean (i) with respect to Tenant or its obligations hereunder, delays incurred by Tenant 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 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 26.02, 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.

"Unit" shall mean a portion of Tenant's leasehold estate described as a unit in the Condominium Plan.

"Unit Mortgage" shall mean any mortgage that encumbers a Unit.

"Unit Mortgagee" shall mean the holder of a mortgage on a Unit.

"Unit Owner" shall mean the owner(s) of a Unit.

"Vesey Street Area" shall have the meaning provided in Section 26.01(a).

"Zoning Lot Declaration" shall mean that certain Declaration of Zoning Lot and Ownership Statement made by Landlord dated October 12, 1989 and recorded in the Office of the Register of the City of New York, New York County in Reel 1629 at page 0003, as the same may hereafter be amended, modified or supplemented in accordance with the provisions of Section 41.18.

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. (a) For the period beginning on the Rent Commencement Date and continuing thereafter throughout the Term (but not including the period prior to the Rent Commencement Date as to which no Base Rent is payable), Tenant shall pay to Landlord, without notice or demand, the annual sums referred to below (collectively, the "Base Rent"):

(i) For each Lease Year (or portion thereof) listed on Schedule 1 hereto, up to but not including the First Appraisal Date (the "First Period"), the

sum of (A) the amount set forth on Schedule 1 opposite such Lease Year (or portion thereof) plus (B) the Incremental Rent, if any, payable in accordance with Subsection 3.01(d) hereof.

(ii) For the Lease Year commencing on the First Appraisal Date and continuing for a period of fifteen (15) Lease Years (the "Second Period"), an amount per annum equal to the greater of (x) six percent (6%) of the fair market value of the Land, determined as hereinafter provided, 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 product derived by multiplying the Base Rent payable for the Lease Year immediately prior to the First Appraisal Date by the Applicable Percentage for such Lease Year.

(iii) For the Lease Year commencing on the date immediately succeeding the expiration of the Second Period and continuing for a period of fifteen (15) Lease Years (the "Third Period"), an amount per annum equal to the greater of (x) six percent (6%) of the fair market value of the Land, determined as hereinafter provided, 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 product derived by multiplying the Base Rent payable in the last Lease Year of the Second Period by the Applicable Percentage for such Lease Year.

(iv) For the Lease Year commencing on the date immediately succeeding the expiration of the Third Period and continuing for a period of fifteen (15) Lease Years (the "Fourth Period"), an amount per annum equal to the greater of (x) six percent (6%) of the fair market value of the Land, determined as hereinafter provided, 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 product derived by multiplying the Base Rent payable in the last Lease Year of the Third Period by the Applicable Percentage for such Lease Year.

(v) For the Lease Year commencing on the date immediately succeeding the expiration of the Fourth Period and continuing until the expiration of the Term (the "Fifth Period"), an amount per annum equal to the greater of (x) six percent (6%) of the fair market value of the Land, determined as hereinafter provided, 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 product derived by multiplying the Base Rent payable in the last Lease Year of the Fourth Period by the Applicable Percentage for such Lease Year.

(b) The Base Rent shall be payable in equal monthly installments in advance commencing on the Rent 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, Fourth Period and Fifth Period, the fair market value of the Land shall be determined as of the first day of the month next succeeding the twentieth anniversary of the date on which a Residential TCO shall be issued for any portion of the Building and as of each subsequent fifteenth anniversary thereafter (such twentieth anniversary being referred to herein as the "First Appraisal Date", and each subsequent fifteenth anniversary being referred to herein as a "Reappraisal Date"). Such determination of fair market value shall be by appraisal in the manner provided in Section 3.09 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.

(d) Incremental Rent ("Incremental Rent") shall be paid in equal monthly installments commencing on the Rent Commencement Date, and shall equal the amount, if any, by which the amount set forth on Schedule 2 hereto which is applicable to a given Tax Year exceeds PILOT for such Tax Year. Tenant shall calculate Incremental Rent for each Tax Year simultaneously with the determination of the PILOT for such Tax Year pursuant to Section 3.02(b) hereof. In the event that the City Council of the City of New York (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 Tenant shall be unable to make the calculations required by Section 3.02 and this Section 3.01(c) prior to the commencement of such Tax Year, Tenant shall pay monthly as estimated Incremental Rent an amount equal to the amount required to be paid under this Article on account of Incremental Rent for the preceding month. Within ten (10) days after the date on which the City Council shall fix the tax rate, Tenant shall pay the amount ("Corrected Incremental Rent"), if any, by which Incremental Rent properly payable for the portion of such Tax Year in respect of which Tenant previously paid estimated Incremental Rent exceeds the amount of such estimated Incremental Rent. In the event that the amount of such estimated Incremental Rent shall exceed the amount of Incremental Rent properly payable for the portion of such Tax Year in respect of which Tenant previously paid such estimated Incremental Rent, Tenant may either (1) credit such excess against (and deduct such excess from) future monthly payments of Incremental Rent during such Tax Year, or (ii) deduct such excess from any PILOT payable pursuant to Section 3.02. No Incremental Rent shall be payable in respect of any period after the commencement of the Second Period. Within sixty (60) days of the date on which Tenant shall have advised Landlord of its calculation of Incremental Rent or Corrected Incremental Rent for a given Tax Year, as the case may be, 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 Incremental Rent for that Tax Year provided that the tax rate and any other basis for 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 Incremental Rent 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 Incremental Rent in accordance with Landlord's calculation pending resolution of the dispute. Incremental Rent shall be pro-rated with respect to any partial Tax Year occurring at the beginning or end of the First Period.

3.02. (a) For each Tax Year or portion thereof within the Term (excluding the portion of the Term occurring prior to the Rent Commencement Date), 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 Adjusted Tax Equivalent for such Tax Year, 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 Rent Commencement Date occurs shall be paid on the Rent Commencement Date.

(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, Tenant shall advise Landlord of its calculation of the Adjusted Tax Equivalent 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 Adjusted Tax Equivalent 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 either (i) credit such excess against (and deduct such excess from) future semi-annual payments of PILOT during such Tax Year, or (ii) deduct such excess from any Corrected Incremental Rent payable pursuant to Section 3.01(c). Within sixty (60) days after the date on which Tenant shall have advised Landlord of its calculation of Adjusted Tax Equivalent or Corrected PILOT for a given Tax Year, as the case may be, 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) For the purposes of this Section 3.02, the Adjusted Tax Equivalent shall be, (i) for each Tax Year or portion thereof within the period commencing on the Rent Commencement Date and ending on the earlier of (x) the last day of the Tax Year in which a Residential TCO is duly issued by the New York City Department of Buildings for all residential space in the Building, or (y) the last day of the Tax Year in which the third (3rd) anniversary of the Commencement of Construction occurs, an amount equal to the Land Tax Equivalent or a pro rata portion thereof, as the case may be; (ii) for the succeeding ten (10) Tax Years, subject to the provisions of Section 3.06, an amount equal to the Land Tax Equivalent; (iii) for the succeeding ten (10) Tax Years, subject to the provisions of Section 3.06, an amount equal to the sum of the Land Tax Equivalent plus the Tax Equivalent less the following amounts: (A) for the succeeding two Tax Years, an amount equal to one hundred percent (100%) of the Tax Equivalent; (B) for the succeeding two Tax Years, an amount equal to eighty percent (80%) of the Tax Equivalent; (C) for the succeeding two Tax Years, an amount equal to sixty percent (60%) of the Tax Equivalent; (D) for the succeeding two Tax Years, an amount equal to forty percent (40%) of the Tax Equivalent; and (E) for the succeeding Two Tax Years, an amount equal to twenty percent (20%) of the Tax Equivalent; and (iv) for each Tax year or portion of a Tax Year thereafter, an amount equal to the Tax Equivalent.

(d) 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 higher of (A) the PILOT as so determined, or (B) the amount stated for the period which is coterminous with such Tax Year on Schedule 2 hereto, and (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.

(e) In the event that the assessed valuation for the Land for the Tax Year in which the Commencement of Construction occurs exceeds \$5,500,000, the Base Rent for the portion of any Lease Year which occurs during any Tax Year described in Sections 3.02(c)(i), (ii) and (iii), shall be reduced by the amount of additional PILOT payable by Tenant which is attributed to such excess assessed valuation.

3.03. Tenant shall pay to Landlord the Civic Facilities Payment in accordance with the provisions of Section 26.05.

3.04. In the event Tenant shall have submitted Tenant's leasehold estate in the Premises to either a cooperative or condominium form of ownership, Tenant shall pay to Landlord, upon the transfer of each Cooperative Apartment or each Unit, as the case may be, to a bona fide purchaser, a payment (individually, a "Transaction Payment" and collectively, the "Transaction Payments"), in an amount equal to two percent (2%) of the Gross Sales Price of such Apartment or Unit. Concurrently with the transfer of a Cooperative Apartment or Unit, as the case may be, to a bona fide purchaser, Tenant shall notify Landlord of such fact and shall pay to Landlord the Transaction Payment due with respect to such Cooperative Apartment or Unit, as the case may be.

3.05. All amounts required to be paid by Tenant pursuant to this Lease, including, without limitation, Base Rent, Percentage Rent, Incremental Rent, PILOT, Impositions, payments pursuant to Section 11.05(c) hereof, Civic Facilities Payments, and Transaction Payments (collectively, "Rental"), shall constitute rent under this Lease and shall be payable in the same manner as Base Rent; provided, however, that in the event Tenant shall submit its leasehold interest in the Premises to a condominium form of ownership, then, in accordance with Section 3.08(e) hereof, all of Tenant's obligations with respect to Percentage Rent shall be the direct obligations of the Unit Owners of the respective Commercial Units. 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.

3.06. (a) Until the Release Date, as defined in Section 3.06(b), Tenant, on a voluntary basis and solely as a condition precedent to receiving benefits (as set forth in Section 3.02(c) hereof) equivalent to benefits available under section 421-a of the Real Property Tax Law ("Section 421-a"), shall enjoy such rights and observe such requirements pertaining to the rental of dwelling units in the Building, as would be available or applicable to the owner of the Building pursuant to Chapter 4 of Title 26 of the Administrative Code of New York City, the Rent Stabilization Code promulgated by the New York State Division of Housing and Community Renewal ("DHCR") as well as regulations promulgated pursuant thereto, all as heretofore and hereafter amended (collectively, the "Rent Regulations"), had construction of the Building commenced thirty (30) days after the Commencement Date and had the Building received partial tax exemption under Section 421-a and consequently been subject to rent stabilization under applicable law and regulation.

(b) Tenant shall advise the DHCR in writing that it has agreed to submit itself to the jurisdiction of the DHCR, or any successor agency administered by the State of New York or New York City having jurisdiction over rent stabilized buildings (the "Regulatory Body").

Upon advising the DHCR that it has agreed to submit itself to the jurisdiction of the Regulatory Body, Tenant shall comply with all of the requirements thereof and shall remain subject to the jurisdiction thereof, or of any successor association or agency, for as long as the owner of the Building would be required to so comply and to remain subject to such jurisdiction, had construction of the Building commenced thirty (30) days after the Commencement Date and had the Building received partial tax exemption under Section 421-a and consequently had been subject to rent stabilization under applicable law and regulation, or until the twenty-seventh (27th) anniversary of the Commencement Date, whichever date is sooner (whichever date is applicable is hereinafter referred to as the "Release Date").

(c) Noncompliance by Tenant with the Rent Regulations shall cause Tenant to be subjected to such sanctions and penalties as would be imposed by the Regulatory Body, had the Building received partial tax exemption under Section 421-a and had the owner failed to comply with the Rent Regulations, regardless of whether Tenant is actually subject to the jurisdiction of the Regulatory Body. If Tenant is not subject to the jurisdiction of such Regulatory Body and Landlord in its sole discretion shall require Tenant to comply with all of the requirements of the Rent Regulations as if Tenant had submitted to the jurisdiction of such Regulatory Body, then in such case Tenant shall be subject to the jurisdiction of an impartial rent officer (the "Rent Officer") (who shall not be a tenant in the Project Area), appointed by Landlord, who shall administer a program of rent regulations which shall be the same as the Rent Regulations administered by the Regulatory Body (the "Rent Program"). The authority of the Rent Officer shall be limited to implementing and administering the Rent Program. In such event, Tenant shall pay to Landlord reasonable administration fees, as determined by Landlord, and such fees shall constitute Rental hereunder. Tenant in no manner waives, limits or otherwise compromises its right to resort to any and all facets of the judicial system for the resolution of disputes pertaining to the Rent Program or the administration thereof.

(d) In the event Tenant fails to remain subject to the jurisdiction of the Regulatory Body or fails to participate in the Rent Program, as the case may be, prior to the Release Date, Tenant shall become subject to such sanctions and penalties as are then applicable to owners of buildings receiving partial tax exemption under Section 421-a upon such termination or revocation, including, if applicable, submitting to the jurisdiction of the agency implementing and administering the rent control program pursuant to Chapter 3 of Title 26 of the New York City Administrative Code, as heretofore and hereafter amended (the "Rent Control Sanction"). In the event Tenant is required to comply with the Rent Program in accordance with the provisions of paragraph (c) of this Section and Tenant's participation in such Rent Program is terminated or revoked by reason of Tenant's noncompliance with the Rent Program prior to the Release Date, Tenant shall be subject to the Rent Control Sanction (if applicable, in accordance with the preceding sentence) as the same shall be administered by the Rent Officer. If the Rent Control Sanction becomes applicable, until the Release Date all increases in rents and other matters pertaining to the rental of residential units in the Building shall be regulated in accordance with the rent control laws and regulations by the governmental agency having jurisdiction or by the Rent Officer, as the case may be.

(e) Solely as a condition precedent to receiving benefits (as set forth in Section 3.02(c) hereof) equivalent to benefits available under Section 421-a, Tenant shall comply with all of the requirements of Section 421-a that would be applicable to a project receiving equivalent benefits and the rules and regulations promulgated thereunder. In the event that Tenant shall either commit an act or fail to commit an act, which act or failure would result in revocation, discontinuance or diminution of tax benefits under Section 421-a had the Building received partial tax exemption under such Section, then the PILOT payable under Section 3.02 hereof shall be increased to an amount equal to the real estate taxes which would be payable by the owner of the Premises in the case of such revocation, discontinuance or diminution, were Tenant the fee owner thereof and had the Building received partial tax exemption under Section 421-a. Prior to payment of any such increase, Tenant shall have the right to contest or challenge the same in the same manner as is provided for contest or challenge of the revocation, discontinuance or diminution of partial tax exemption benefits under Section 421-a and the rules and regulations promulgated thereunder.

(f) The initial rents permitted to be charged by Tenant to Subtenants of dwelling units in the Building shall be the maximum allowable rents as determined by the New York City Department of Housing Preservation and Development, or any successor agency having such authority as if the Building had received partial tax exemption under Section 421-a and consequently been subject to rent stabilization under applicable law and regulation, provided that, in addition to such allowable rents, Tenant shall be entitled to charge amounts equal to Civic Facilities Payments as set forth in paragraph (g) of this section.

(g) Notwithstanding anything to the contrary contained in paragraphs (a) through (f) of this Section, Tenant, in addition of any rents permitted to be charged and collected pursuant to the Rent Regulations shall be permitted to charge and collect from all residential Subtenants (and, if Tenant shall elect in its sole discretion, among all other Subtenants, or, if Tenant shall elect in its sole discretion, among all residential Subtenants or all Subtenants, other than low income Subtenants) in the aggregate an amount equal to the Civic Facilities Payment due from Tenant pursuant to Section 26.05(a). Such charge shall be based on each Subtenant's pro rata share of the Civic Facilities Payment, allocated by Tenant among residential Subtenants (and, if Tenant shall elect in its sole discretion, among all other Subtenants, or, if Tenant shall elect in its sole discretion, among all residential Subtenants or all Subtenants, other than low income Subtenants) in a reasonable manner.

(h) Tenant's obligations under this Section 3.06 shall cease upon the Release Date.

(i) Each Sublease for a dwelling unit in the Building shall contain a provision, in such form as may be required by the Rent Regulations or by any applicable Requirement, advising the Subtenant that rents for the unit are regulated, pursuant to the terms of this Lease, under the Rent Regulations. Upon the request by any Subtenant or if required by any applicable Requirement, Tenant shall make available to such Subtenant a copy of the Rent Regulations.

3.07. (a) Each determination of fair market value of the Land referred to in Section 3.01(a)(ii)-(vi) 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 3.07(a).

3.08. (a) For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue (such date being hereinafter called the "Percentage Rent Commencement Date") and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year or partial calendar year thereafter during the Term, Tenant shall pay to Landlord, in the manner set forth below, an amount equal to five percent (5%) of the Gross Non-Residential Revenue during each such calendar year, or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly (subject to adjustment, if any, as provided in Section 3.08(d)) and paid in the manner hereinafter set forth.

(b) [Intentionally Deleted]

(c) Tenant shall deliver to Landlord as soon as practicable after the end of each calendar quarter, but in no event later than thirty (30) days thereafter, a statement (the "Quarterly Percentage Rent Statement"), showing in reasonable detail Gross Non-Residential Revenue from the prior quarter. Based upon the Quarterly Percentage Rent Statement submitted by Tenant to Landlord, Tenant shall pay to Landlord five percent (5%) of the Gross Non-Residential Revenue. Such partial payment of Percentage Rent shall be made by Tenant simultaneously with the submission to Landlord of the Quarterly Percentage Rent Statement.

(d) Tenant shall deliver to Landlord as soon as practicable after the end of each calendar year, but in no event later than one hundred twenty (120) days thereafter, a separate statement (the "Annual Percentage Rent Statement") for such year showing Gross Non-Residential Revenue, together with the Percentage Rent due for such year. If the Annual Percentage Rent Statement shall show that the sums paid by Tenant as Percentage Rent for the calendar year for which such Annual Percentage Rent Statement is given were less than the

Percentage Rent payable by Tenant for such year, then Tenant shall pay to Landlord, together with the delivery to Landlord of the Annual Percentage Rent Statement, the amount of such deficiency, and if the Annual Percentage Rent Statement shall show that the sums paid by Tenant as Percentage Rent for such calendar year exceeded the Percentage Rent payable by Tenant for such year, Landlord shall permit Tenant to offset the amount of such excess, without interest, against subsequent payments of Percentage Rent.

(e) In the event that Tenant's leasehold estate in the Premises shall be submitted to a condominium form of ownership, the references in this Section 3.08 (other than this subparagraph (e)) and in Section 3.09 to "Tenant" shall be deemed to mean the unit owner of the commercial unit of such condominium; it being the agreement of Landlord and Tenant that such unit owner shall pay Percentage Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against such unit owner.

3.09. In connection with the payment by Tenant of Percentage Rent, the following provisions shall apply:

(a) Tenant shall at all times keep and maintain at an office located in New York City books and records prepared on the basis required under Section 3.09(b), showing in reasonable detail the amount of Gross Non-Residential Revenue. Unless consented to by Landlord, such books and records relating to any calendar year shall not be destroyed or disposed of for a period of four (4) years after the end of such year. Landlord or its representatives shall have the right on reasonable notice during regular business hours to examine, audit and/or photocopy all such books and records. If an audit by Landlord with respect to any year is not commenced within the aforesaid four (4) year period, the computation of the Percentage Rent paid by Tenant for such year shall not thereafter be subject to Landlord's audit and shall conclusively be deemed correct.

(b) Each Annual Percentage Rent Statement and Quarterly Percentage Rent Statement required under this Lease shall be (i) prepared on a cash basis consistently applied and (ii) verified by the chief financial officer or managing partner of Tenant or the Affiliate which is the managing agent for the Premises, or if the managing partner of Tenant or such Affiliate is not an individual, by the chief financial officer of such managing partner or such Affiliate, as being true and correct to the best of his knowledge. If the amount of space in the Building utilized for non-residential purposes exceeds 10,000 square feet, then each Annual Percentage Rent Statement shall be certified by an independent public accounting firm (the "C.P.A.") which is (x) an accounting firm having at least eight (8) partners, or (y) a firm approved by Landlord, which approval shall not be unreasonably withheld. Such certification shall include, without limitation, a statement by the C.P.A. that an examination of Tenant's books and records has been conducted by the C.P.A. in accordance with generally accepted auditing standards consistently applied and that the Annual Percentage Rent Statement has been prepared on a cash basis in accordance with accounting principles consistently applied.

(c) If Landlord shall elect to conduct an audit of Tenant's books and records and such audit discloses an underpayment of Percentage Rent subject to Section 3.09(e), Tenant shall pay to Landlord within thirty (30) days after demand the amount of such deficiency, plus interest thereon at the Involuntary Rate from the date upon which such sum was due to the date of actual payment. In addition, if such deficiency shall be in excess of three and one-half percent (3.5%) of the amount alleged by Tenant to be payable, Tenant shall pay to Landlord within thirty (30) days after demand all reasonable costs incurred by Landlord in connection with such audit.

(d) If Tenant or an Affiliate of Tenant shall themselves use or occupy any non-residential portion of the Building, there shall be imputed as income the fair market rental value of the portion of the Buildings so occupied by Tenant or such Affiliate, as the case may be, provided, however, that if Tenant or an Affiliate shall use or occupy any nonresidential portion of the Building for the purpose of maintaining an office to manage the Building and/or other buildings owned or operated by Tenant within the Project Area, income shall only be imputed to the portion used or occupied in excess of 1,200 square feet. Such income shall be deemed to be, and construed as, Gross Non-Residential Revenue for all purposes of this Lease. Fair market rental value as used in this Lease shall mean the rental which would be paid under a sublease (commencing at the same time as Tenant's or such Affiliate's use or occupancy) with a non-related Person leasing a similar amount of space in the same Building, for the same term, for a similar purpose and in a similar location in the Building, and shall include, inter alia, all fixed, percentage and escalation rents which would be included under such sublease.

(e) If at any time and for any reason there shall be a dispute as to the determination of Gross Non-Residential Revenue or fair market rental value, such dispute shall be determined by arbitration pursuant to Article 36 hereof. Pending resolution of the dispute, Tenant's determination of Gross Non-Residential Revenue shall prevail and Tenant shall pay Percentage Rent based upon such determination. Without limitation of the foregoing, any deficiency, interest and expenses which may be payable by Tenant to Landlord pursuant to Section 3.09(c) shall not be payable if disputed by Tenant unless and until determined by such arbitration. If such arbitration determines an underpayment by Tenant, Tenant shall pay the amount of such underpayment, plus interest thereon at the Involuntary Rate, within ten (10) days after demand.

ARTICLE 4

IMPOSITIONS

4.01. 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, 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. 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. 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 Tenant's consent, enter into a settlement of any such contest if such settlement would increase the amount of PILOT payable by Tenant under this

e. If Landlord shall have failed to pay the Taxes as required hereunder and shall not have 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 civil or criminal penalty or liability, then Tenant may pay such unpaid Taxes together with interest or penalties thereon and deduct such payment from the next installment of PILOT 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, capital or transfer gains taxes of Landlord, or any corporate franchise tax imposed upon Landlord or any transfer or gains tax assessed on Landlord.

4.04. Any Imposition relating to a period a part of which is included within the period of time commencing on or after the Rent Commencement Date and a part of which is included in a period of time before the Rent 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 levied, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, shall become payable, during the Term) shall be apportioned between Landlord and Tenant as of the Rent 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 the fiscal period included in the period of time commencing on or after the Rent 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. Other than in the event of Impositions relating, in part, to a period of time before the Rent Commencement Date, the apportionment of Impositions shall be made if this Lease is terminated prior to the termination Date as the result of an Event of Default.

4.05. 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 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 thereon, 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 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 Landlord nor Tenant would by reason thereof be subject to any civil or criminal liability; (ii) if the amount of the contested Imposition is at least \$250,000 (such amount to be determined on the fifth anniversary of the Commencement Date and on each fifth (5th) anniversary thereafter on which an adjustment is made by adding to \$250,000 an amount equal to the sum 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. 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 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 cooperate.

4.08. 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. (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. 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. 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 24.

ARTICLE 7

INSURANCE

7.01. (a) Tenant shall, at all times after Substantial Completion of the Buildings and thereafter throughout the Term:

(i) keep or cause to be kept the Buildings 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 19 and required to be insured against hereunder, and (D) include the following protection:

(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 shall not be excluded;

(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, Percentage Rent 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 36.

7.02. (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 less than One Million Dollars (\$1,000,000) 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 36. 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 Board of Managers 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 have 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 Tenant 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 36 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 36 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 cancelled 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. (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. 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. 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, the Design Guidelines, and, in the event such Restoration is commenced within ten (10) years after the date the Building has been Substantially Completed, the Construction Documents. 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. (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 36.

(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 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. 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. (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 to which Landlord is entitled under Article 11, all of the foregoing to be subject to Landlord's review and approval solely for substantial conformity with the Master Development Plan, the Design Guidelines and, if such Restoration is commenced within ten (10) years from the date the Building shall have been Substantially Completed, 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 (including, without limitation, personal guaranties from the principals of Tenant) as shall be reasonably satisfactory to Landlord (and Landlord agrees that personal guaranties from one or more of the three guarantors named in Exhibit F hereto shall satisfy the foregoing requirement for other security provided the guaranty is reasonably acceptable to Landlord in form and substance, and provided that the following conditions are satisfied: (1) the aggregate net worth of such person(s) is at least five times the estimated cost of Restoration, (2) such persons have aggregate liquid assets equal to not less than \$5,000,000 (as such amount shall be increased as provided in Section 7.02(a)) and (3) the guarantor(s) have delivered to Landlord evidence of such net worth and liquidity 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; and

(iv) At least ten (10) Business Days prior to commencement of such Restoration, insurance policies issued by responsible insurers, bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to Landlord of such payments, for the insurance required by Section 11.03.

(b) 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, 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.

(c) 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(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 of the Building or which will affect compliance with the Design Guidelines or the Master Development Plan, 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(c) solely to determine whether or not they (i) conform to the Master Development Plan and the Design Guidelines 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 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.

8.05. 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, (which may be a guaranty in form and substance reasonably satisfactory to Landlord from one or more of the guarantors named in Exhibit F, provided such guarantor(s) have an aggregate net worth and liquid assets reasonably satisfactory to Landlord) to be held and applied by Depository in accordance with the provisions of Section 8.02; provided, however, that such security shall not be required if a guaranty of such Restoration has been delivered by one or more of the guarantors named in Exhibit F hereto pursuant to Section 8.04(a)(ii) hereof and the liquid assets of such guarantor(s) exceed the sum of (x) the amount by which the cost of the Restoration determined as provided in Section 8.02(b) exceeds the net insurance proceeds and (y) \$10,000,000 (as such amount shall be increased as provided in Section 7.02(a)).

8.06. 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.

8.07. 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.

8.08. 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 Board of Managers.

ARTICLE 9

CONDEMNATION

9.01. (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 with the provisions of Article 36.

(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 Land so taken, considered as encumbered by this Lease and the Master Lease and as unimproved, 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 Mortgagee which holds a first lien on Tenant's interest in this Lease, or to Recognized 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 Recognized 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 Scheduled Completion 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 Scheduled Completion 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 Recognized 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 Land 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 36.

(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. 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. 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 without abatement of the Base Rent or diminution of any of Tenant's obligations hereunder. 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, the Design Guidelines and, to the extent reasonably practicable, in the event such Restoration is commenced within ten (10) years from the date the Building is Substantially Completed, the Construction Documents. In the event of any taking pursuant to this Section 9.03, the entire award for or attributable to the Land 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

Mortgagee most senior in lien 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 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. 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. 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. 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. 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. 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. 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, 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 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. (a) Except as otherwise specifically provided in this Section 10.01, prior to Substantial Completion of the Building, neither this Lease nor any interest of Tenant in this Lease shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, (including, without limitation, an assignment to the Apartment Corporation in connection with a Cooperative Plan and an assignment or partial assignment in connection with Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership) nor shall any of the issued or outstanding capital stock of any corporation which, directly or

indirectly, is Tenant be (voluntarily or involuntarily) sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, nor shall any voting trust or similar agreement be entered into with respect to such stock, nor any reclassification or modification of the terms of such stock take place, nor shall there be 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, nor shall any general partner's interest in a partnership which is Tenant be (voluntarily or involuntarily) sold, assigned or transferred (each of the foregoing transactions with respect to stock or other securities of a corporation or a general partner's interest in a partnership being herein referred to as a "Transfer"), nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case and the delivery to Landlord of the documents and information specified in Section 10.01(d) hereof. Notwithstanding the foregoing, Landlord agrees that it shall not withhold its consent to an assignment by Tenant prior to Substantial Completion of the Building of all or any portion of Tenant's interest in this Lease or to a Transfer, provided that (i) one or more of Frederick Elghanayan, H. Henry Elghanayan, or Kamran T. Elghanayan shall have and retain ownership (whether direct or indirect) and control of the assignee, in the case of an assignment, or of Tenant, in the case of a Transfer, (ii) the letter of credit referred to in Section 11.12 shall remain in full force and effect and shall in all respects be unaffected by such assignment or Transfer, (iii) 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 under this Lease, (iv) the proposed transaction does not violate the terms of Section 10.01(c) hereof and (v) Tenant complies with the applicable provisions of Section 10.01(d) hereof. In the event that Landlord withholds such consent, Landlord shall specify to Tenant the reason therefor.

(b) From and after Substantial Completion of the Building, Landlord's consent shall not be required prior to any Transfer, 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, assignment or subletting, and (ii) Tenant shall have complied with the provisions of this Article 10. This Section 10.01(b), Section 10.01(c) (except as otherwise provided therein) and Section 10.01(d) 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(f) and (g), respectively.

(c) Except as otherwise specifically provided herein, in no event, whether before or after Substantial Completion of the Building, 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(c) 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.

(d) In each instance wherein Tenant desires to effect, and as a condition to the effectiveness thereof, an assignment, a sublease of the Premises as an entirety or substantially as an entirety, or a Transfer, 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(d)(i)(C). Not less than five (5) business days prior to the proposed transaction, Tenant shall submit to Landlord the following documents and information set forth in Section 10.01(d)(i)(A) and (B), (ii), and (iii), as applicable, and, if applicable, Section 10.01(d)(iv) (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(d)(i); 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(d)(i);

(iv) in all such cases in which Tenant proposes to effect the transaction prior to Substantial Completion of the Building, such other documents and information as Landlord may reasonably request to permit the evaluation of such assignment, sublease or Transfer.

(e) Landlord shall within twenty (20) days after receipt of all requisite information and documentation set forth in Section 10.01(d)(i)(C), and within five (5) business days after receipt of all information and documentation required under Section 10.01(d)(i)(A) and (B), (ii), and (iii), as applicable, and, if applicable, Section 10.01(d)(iv), notify Tenant whether it grants its consent if such consent is required hereunder, and in those instances wherein the consent of Landlord is not so required or is granted, whether the form and substance of each such document and the information submitted establishes compliance with the provisions of Section 10.01(c) and Section 10.01(d), specifying, in the event that Landlord denies its consent to such transaction or determines that any such documentation or any such information does not establish such compliance, the reason for such denial or determination. If Landlord shall not have notified Tenant of such denial or determination within such period, it shall be deemed to have consented to the proposed transaction if such consent is required and to have determined that the documents and the information submitted establish compliance with the provisions of Section 10.0(c) and Section 10.01(d). Even if Landlord has consented to the proposed transaction if such consent is required and/or has determined that the documents and information establish compliance with the provisions of Section 10.01(c) and Section 10.01(d), 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.

(f) From and after Substantial Completion of the Building, 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.

(g) From and after Substantial Completion of the Building, Tenant shall not assign, in whole or in part, its interest in this Lease pursuant to a Condominium Plan without the

prior consent of Landlord, which consent may be withheld by Landlord in its sole discretion, and further provided Tenant shall have complied with the provisions of Section 3.05 hereof. Notwithstanding the foregoing, if, at any time Tenant requests consent to submit its interest hereunder to a Condominium Plan and Landlord has between the date hereof and the date of such request entered into any lease for any portion of the Project Area which permits the tenant thereunder to submit its interest therein to a condominium plan, then Landlord shall permit Tenant to submit its interest in this Lease to a Condominium Plan and to assign, in whole or in part, its interest in this Lease pursuant to a Condominium Plan, provided that Tenant enters into an amendment to this Lease prepared by Landlord providing for the terms and conditions under which such submission and assignment shall be made, which terms and conditions shall not be more onerous on Tenant or the condominium unit owners or unit mortgagees than the corresponding terms and conditions of such other lease (unless (x) in the opinion of Landlord's outside counsel there is a risk that the lien of one or more Unit Mortgages or a lien for common charges may not be subordinate to Landlord's right to Rental payments and (y) the sole purpose of such more onerous provision is to address such risk).

(h) 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 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(h) 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 (i) prior to Substantial Completion 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(c), and (iii) that such subsidiary is authorized to act in the place and stead of such Mortgagee.

10.02. 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. 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. Tenant may, without Landlord's consent, but subject to the provisions of the last sentence of Section 10.01(c) and this Section 10.04, enter into 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 being herein referred to collectively as

"Subleases", and the occupants pursuant to Subleases 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 and the Master Development Plan.

10.05. 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. 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. 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 cancelled 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. 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. 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 24, 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 24, 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 construction of 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. (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 25, a copy of each notice of Default (and a copy of any notice appointing an arbitrator as provided in Article 36) 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 24.01(b) or (c) 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 24.01(b) or (c) 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 24.01 hereof, no Default by Tenant shall be deemed to exist as long as a Mortgagee 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, shall have delivered to Landlord its written agreement to take the action described in clause (i) or (ii) herein 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 susceptible to being cured by such Mortgagee. 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 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. In the event that a Mortgagee shall become the owner of such leasehold estate, such Mortgagee shall not be bound by any modification or amendment of this Lease 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 or amendment at the time it was made or at the time of such acquisition.

(d) A copy of any notice of termination given by Landlord to Tenant (other than a termination by reason of an Event of Default) 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. (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 25. 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 cancelled 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 cancelled 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 (or otherwise acknowledged in writing by the holder thereof), only that Mortgagee, to the exclusion of all other Mortgagees, whose Mortgage is most senior in lien shall be recognized by Landlord as having exercised such rights, for so long as such 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 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 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. 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

CONSTRUCTION OF BUILDING

11.01. Tenant, using a reputable and responsible contractor or construction manager approved by Landlord, which approval shall not be unreasonably withheld, shall promptly commence (subject to Unavoidable Delays) on or before the Construction Commencement Date and (subject to Unavoidable Delays) diligently construct the Building in accordance with the Requirements, Master Development Plan, the Design Guidelines, the Construction Documents, and the applicable provisions of this Lease. Tenant shall as soon as practicable obtain from New York City and all other Governmental Authorities all permits, consents, certificates and approvals required to commence construction of the Building. At the request of Tenant, Landlord, at no cost or expense to it, shall within ten (10) days of Tenant's request, execute and deliver any documents or instruments reasonably required to obtain such permits, consents, certificates and approvals, provided such documents or instruments do not impose any liability or obligation on Landlord. Tenant shall not undertake Commencement of Construction unless and until (i) Tenant shall have obtained as aforesaid, and delivered to Landlord copies of all necessary permits, consents, certificates and approvals for such construction from all Governmental Authorities which are required to have been obtained prior to Commencement of Construction, (ii) Landlord shall have reviewed the Construction Documents in the manner provided herein and shall have determined that they conform to the Master Development Plan, the Design Guidelines, the Schematics and the Design Development Plans, (iii) Tenant shall have delivered to Landlord the original policies of insurance or duplicate originals thereof, in accordance with Section 11.03(b), and (iv) either (x) a building loan Mortgage in an amount sufficient, in Landlord's judgment, to assure completion of construction of the Building shall have been made for the financing of such construction or (y) Landlord shall have approved a plan submitted by Tenant for financing the construction of the Building. Tenant shall obtain such other permits, consents, certificates and approvals as may be required from time to time to continue and complete the construction of the Building. At the request of either Landlord or Tenant, made at any time after Commencement of Construction, Landlord and Tenant shall execute a certification setting forth the Construction Commencement Date. In the event the parties shall be unable to agree on such date, such dispute shall be resolved by arbitration pursuant to Article 36.

11.02. (a) As soon as practicable, but in no event later than ninety (90) days after the date hereof, Tenant shall submit to Landlord scaled schematic drawings (the "Schematics") prepared by the Architect and in accordance with Landlord's submission requirements for schematics, such requirements being more particularly described in the Design Guidelines. If Landlord determines that the Schematics conform to the Master Development

Plan and the Design Guidelines, Landlord shall notify Tenant to that effect. If Landlord determines that the Schematics do not conform to the Master Development Plan and the Design Guidelines, Landlord shall so notify Tenant, specifying in reasonable detail those respects in which the Schematics do not so conform, and Tenant shall revise the Schematics to so conform and shall resubmit the same to Landlord for review within fifteen (15) Business Days of the date of notice from Landlord to Tenant that the Schematics do not so conform or such longer period as Landlord in its reasonable judgment may approve. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of submission of the Schematics or revised Schematics, as the case may be, 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 Schematics do conform to the Master Development Plan and the Design Guidelines).

(b) As soon as practicable, but in no event later than the date that is seventy-five (75) days plus the number of days after Landlord shall have notified Tenant that the Schematics conform to the Master Development Plan and the Design Guidelines, Tenant shall submit to Landlord for its review, design development plans and outline specifications for the Building (the "Design Development Plans"), prepared by the Architect and in accordance with Landlord's submission requirements for the design development phase, such requirements being more particularly described in the Design Guidelines. Any changes in the Design Development Plans from the Schematics shall be identified in reasonable detail. If Landlord determines that the Design Development Plans conform to the Master Development Plan, the Design Guidelines and the Schematics, Landlord shall notify Tenant to that effect. If Landlord determines that the Design Development Plans do not conform to the Master Development Plan, the Design Guidelines and the Schematics, Landlord shall so notify Tenant, specifying in reasonable detail those respects in which the Design Development Plans do not so conform, and Tenant shall revise the same to so conform and shall resubmit the Design Development Plans to Landlord for review within fifteen (15) Business Days of the date of notice from Landlord to Tenant that the Design Development Plans do not so conform or such longer period as Landlord in its reasonable judgment may approve. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of submission of the Design Development Plans or revised Design Development Plans, as the case may be, 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 Design Development Plans do conform to the Master Development Plan, the Design Guidelines and the Schematics).

(c) As soon as practicable, but in no event later than seventy-five (75) days after Landlord shall have notified Tenant that the Design Development Plans conform to the Master Development Plan, the Design Guidelines and the Schematics, Tenant shall submit to Landlord final contract plans and specifications for the Building prepared by the Architect and in accordance with Landlord's requirements for final contract plans and specifications, such requirements being more particularly described in the Design Guidelines. Any changes in such final contract plans and specifications from the Design Development Plans shall be identified in reasonable detail. The final contract plans and specifications shall be reviewed by Landlord to

determine whether or not they conform to the Master Development Plan, the Design Guidelines and the Design Development Plans. If Landlord determines that they do so conform, Landlord shall notify Tenant to that effect. If Landlord determines that the final contract plans and specifications do not conform to the Master Development Plan, the Design Guidelines and the Design Development Plans, Landlord shall so notify Tenant, specifying in reasonable detail those respects in which the final contract plans and specifications do not so conform, and Tenant shall revise the same to so conform and shall resubmit the final contract plans and specifications to Landlord for review within fifteen (15) Business Days of the date of notice from Landlord to Tenant that the final contract plans and specifications do not so conform or such longer period as Landlord in its reasonable judgment may approve. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of submission of the final contract plans and specifications or revised final contract plans and specifications, as the case may be, 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 final contract plans and specifications do conform to the Master Development Plan, the Design Guidelines and the Design Development Plans). The contract plans and specifications that have been determined to conform to the Master Development Plan, the Design Guidelines and the Design Development Plans, as the same may be changed from time to time by Tenant, to the extent that changes required to be approved by Landlord are so approved by Landlord as hereinafter provided, are hereinafter referred to as the "Construction Documents".

(d) In the event that Tenant shall desire to modify the Construction Documents with respect to, or in a manner which will in any way affect, any aspect of the exterior of the Building or which will result in a change in the height, bulk or setback of the Building or which in any other manner affects compliance with the Master Development Plan or the Design Guidelines, Tenant shall submit the proposed modifications to Landlord for approval prior to making or implementing any such modification. All modifications shall be identified in reasonable detail. Tenant shall not be required to submit to Landlord proposed modifications of the Construction Documents 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 (ii) provide for design, finishes and materials with respect to the exterior of the Building which are comparable in quality to those provided for in the Construction Documents. If Landlord determines that they do so conform and provide, Landlord shall notify Tenant to that effect. If Landlord determines that the Construction Documents, as so revised, do not conform to the Master Development Plan and the Design Guidelines or provide for such design, finishes and materials, Landlord shall so notify Tenant, specifying in reasonable detail those respects in which they do not so conform or provide, and Tenant shall revise the same to meet Landlord's objections and shall resubmit them to Landlord for review within fifteen (15) Business Days of the date of notice from Landlord to Tenant that they do not so conform or provide or such longer period as Landlord in its reasonable judgment may approve. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of submission of the Construction Documents, as so revised, 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 disapprove items in the Construction Documents that Landlord has previously specifically determined to be satisfactory, provided same have not been changed by Tenant.

(e) Notwithstanding the provisions of Section 11.02(d), if, after the Commencement of Construction, Tenant makes a good faith determination that any proposed modification which requires Landlord's approval under Section 11.02(d) is of a minor or insubstantial nature, Tenant may so advise an employee designated by Landlord ("Landlord's Project Manager") (delivering to him or her a written statement setting forth the proposed modification and the basis for Tenant's determination and simultaneously delivering copies of said statement to Landlord's President and Chief Executive Officer and Vice President for Planning and Design). Landlord's Project Manager shall, in writing, before the expiration of the fifth full Business Day after the receipt of said advice, either (i) notify Tenant of approval of said proposed modification or (ii) notify Tenant that Tenant is required to submit the proposed modification to Landlord as provided in Section 11.02(d). In the event Landlord's Project Manager acts in accordance with (ii) above, Landlord, after receipt from Tenant of the proposed modification, shall endeavor to expedite its review thereof and notification to Tenant of its determination. Nothing set forth in this Section 11.02(e) shall require Landlord to notify Tenant of Landlord's determination earlier than the expiration of the fifteen (15) Business Day period set forth in Section 11.02(d) with respect to such modification, provided, however, that if Landlord's Project Manager shall not have notified Tenant of either (i) or (ii) above within the five (5) Business Day period set forth above, Landlord shall be deemed to have approved the proposed modification.

(f) The Construction Documents shall comply with the Requirements, including but not limited to the Building Code of New York City. The responsibility to assure such compliance shall be Tenant's; Landlord's determination that the Construction Documents conform to the Master Development Plan and the Design Guidelines shall not be, nor shall it be construed to be or relied upon as, a determination that the Construction Documents comply with the Requirements. In the event that there shall be a conflict between the Requirements and the Master Development Plan or the Design Guidelines, the Requirements shall prevail.

(g) In addition to the documents referred to in Section 11.01 and this Section 11.02., Tenant shall, at least thirty (30) Business Days prior to ordering the same for incorporation into the Building, submit to Landlord samples of all materials to be used on the exterior of the Building, including windows, and the same shall be subject to Landlord's approval for conformity to the Design Guidelines, the Master Development Plan and the Construction Documents. If Landlord shall have failed to object to any of such materials within fifteen (15) Business Days after its receipt of such materials, it shall be deemed to have approved such materials. Landlord reserves the right at its sole cost and expense to maintain its field personnel at the Premises to observe Tenant's construction methods and techniques and Landlord shall be entitled at its sole cost and expense to have its field personnel or other designees attend Tenant's job and/or safety meetings. No such observation or attendance by Landlord's personnel or designees shall impose upon Landlord any responsibility for any failure by Tenant to observe applicable Requirements or safety practices in connection with such construction, or constitute

an acceptance of any work which does not comply in all respects with the Requirements and the provisions of this Lease.

(h) Tenant acknowledges that the maximum permissible "floor area," as such term is defined in the Zoning Resolution of the City of New York, for the Land shall be 334,000 square feet, as computed in accordance with Section 12-10 of the Zoning Resolution.

(i) Tenant shall not construct or permit to exist any Buildings on the Land unless the Buildings are in compliance with the Zoning Lot Declaration, Master Development Plan and the Design Guidelines.

(j) Landlord acknowledges and agrees that in order to meet Tenant's construction schedule, Tenant may be required to "fast track" certain aspects of the final detailed plans and specifications and of the excavation and foundation stage of the construction process. Landlord agrees, within the limitations of sound construction practice, to cooperate with Tenant, as reasonably requested from time to time by Tenant, in "fast tracking" the construction of the Building. Such cooperation may include, and may only include (i) shortening the review periods provided for herein, (ii) reviewing certain aspects of the Design Development Plans and Construction Documents prior to completion and submission to Landlord of every aspect thereof, and (iii) permitting Tenant to begin excavation and foundation work prior to completion and approval by Landlord of the Construction Documents.

(k) Tenant shall, at Tenant's expense, construct and make available to Landlord or, at Landlord's option, to Battery Park City Parks Corporation, without rental or other charge, one thousand five hundred (1,500) square feet of storage area on the Esplanade Level of the Building, at the location shown on Exhibit B-2, which area shall be accessible from the Residential Esplanade located to the west of the Building. Tenant shall provide electrical service to such premises as shown on such plan, and Landlord shall make separate arrangements (including the installation of any necessary meter) with the applicable utility company to separately meter Landlord's electrical use in such premises. Such premises shall not be used in a manner that will unreasonably interfere with Tenant's use of the Premises for the purposes set forth in this Lease. Tenant agrees to construct or cause the construction of such tenant improvements as Landlord may request in such space, subject to Tenant and Landlord agreeing in writing to the actual cost thereof, and to Landlord's agreement to reimburse Tenant for such actual cost within thirty (30) days of receipt by Landlord of invoices from Tenant from time to time as the construction progresses, but not more often than monthly.

11.03. (a) Commencing on the Commencement Date, Tenant shall provide, or cause to be provided, and thereafter shall keep in full force and effect, or cause to be kept in full force and effect with respect to the Premises, until Commencement of Construction, insurance coverage of the types and in the minimum limits set forth in subsections (i) and (ii) of this Section 11.03(a). Prior to the Commencement of Construction, Tenant shall provide, or cause to be provided, and thereafter shall keep or cause to be kept in full force and effect, or

cause to be kept in full force and effect with respect to the Premises, until Substantial Completion of the Building, the following:

(i) 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 Substantial Completion of the Building), 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;

(ii) 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;

(iii) 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

(iv) 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 insurance coverage required under Section 11.03(a)(iv) hereof 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 completion of construction of the Building.

(c) No construction shall be commenced until Tenant shall have delivered to Landlord the certificates of the policies of insurance as required by this Section 11.03.

(d) To the extent applicable, Tenant shall comply with the provisions of Section 7.02 hereof with respect to the policies required by this Section 11.03.

(e) To the extent that the insurance coverages required pursuant to this Section 11.03 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.

(f) Prior to the Commencement of Construction Tenant shall furnish to Landlord:

(i) a Guaranty of Completion in the form of Exhibit F hereto executed by each of the guarantors named therein; and

(ii) with respect to each contractor (which term shall, for purposes of this clause, include all contractors and subcontractors other than a general contractor) having a contract or subcontract (or multiple contracts or subcontracts) providing for payments of \$1,000,000 or more in the aggregate, a letter from a surety company reasonably acceptable to Landlord attesting to the "bondability" of such contractor and its contract(s) or subcontract(s), as the case may be, which letter shall be reasonably acceptable to Landlord in form and substance (and Landlord agrees that any such surety company or letter approved by Tenant's Mortgagee shall be deemed to be acceptable to Landlord).

11.04. Construction of the Building shall be (a) commenced on or prior to the Construction Commencement Date and prosecuted by Tenant with all reasonable diligence and without interruption, in each case however subject to Unavoidable Delays, and (b) Substantially Completed by Tenant in a good and workerlike manner in accordance with the approved

Construction Documents, the Master Development Plan and the Design Guidelines, no later than three years after the Construction Commencement Date, as such date may be extended for Unavoidable Delays (the "Scheduled Completion Date"). Upon Substantial Completion of the Building, Tenant shall furnish Landlord with (i) true copies of the Residential TCO for all the residential space in the Building and temporary Certificate(s) of Occupancy for the non-residential space in the Building, and (ii) 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 property lines of the Land and do not encroach upon any easement or violate any restriction of record. "Substantial Completion of the Building" or "Substantially Completed" shall mean (i) substantial completion of all construction work on the residential space in the Building, and, substantial completion of all construction work on the exterior portions of the non-residential space in the Building, (ii) the delivery to Landlord of true copies of the Residential TCO for all the residential space in the Building and a certificate of the Architect to Landlord that Tenant has completed sufficient work on the exterior portions of the non-residential space in the Building such that Tenant would be entitled to obtain a temporary certificate of occupancy for the non-residential space in the Building if interior work had been completed to the same standards, and (iii) the delivery to Landlord of a statement in writing from the Architect that the construction has been performed substantially in accordance with the approved Construction Documents, the Master Development Plan, and the Design Guidelines. Notwithstanding anything herein contained to the contrary, if Tenant shall have failed to deliver the Residential TCO for all the residential space in the Building on or before the Scheduled Completion Date as a result of the failure of the Department of Buildings of New York City, or successor body of similar function, to issue the same, such failure shall not constitute a Default or Event of Default hereunder provided the Architect certifies in writing to Landlord that Tenant has completed all work necessary to obtain such Residential TCO. In any event, Tenant shall deliver a true copy of such Residential TCO and temporary Certificate(s) of Occupancy for the non-residential space in the Building, to Landlord promptly upon their issuance. Within one hundred twenty (120) days after Substantial Completion, Tenant shall provide Landlord with a complete set of "as built" plans for the Building prepared by the Architect and accompanied by a written statement by the Architect that the "as-built" plans are complete and correct. Within six (6) months after the date of Substantial Completion of the Building, Tenant shall furnish Landlord with permanent Certificate(s) of Occupancy for all space in the Building duly issued by the New York City Department of Buildings, provided, however, Tenant's failure to obtain such permanent Certificate(s) of Occupancy within such six (6) month period shall not be a Default or Event of Default hereunder if Tenant shall be diligently and in good faith attempting to obtain same (which attempt (i) shall include, but not be limited to, the reasonable expenditure of monies, but (ii) shall not obligate Tenant to complete construction of any interior portion of the non-residential space in the Building until such portion has been made subject to one or more Subleases). In any event, Tenant shall promptly furnish Landlord with such permanent Certificate(s) of Occupancy after same has been duly issued.

11.05. (a) The materials to be incorporated in the Building at any time during the Term shall, upon purchase of same and at all times thereafter, constitute the property of Landlord, and upon construction of the Building or the incorporation of such materials therein, title thereto shall 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.

(b) 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."

(c) By reason of the ownership of the Building by Landlord, certain sales and compensating use taxes will not be incurred in connection with the construction of the Building. Tenant shall pay to Landlord, as payments in lieu of such sales and compensating use taxes, One Million Eight Thousand Dollars (\$1,008,000), payable in eight (8) equal quarterly payments, each in the amount of One Hundred Twenty-Six Thousand Dollars (\$126,000), the first such payment to be made on the first day of the month following the date on which the Commencement of Construction shall occur (unless such date shall be the first day of a month in which case such payment shall be made on such date) and the succeeding payments to be made on the first day of each third month thereafter until paid in full. In the event Tenant is compelled by any Governmental Authority to pay any such sales or compensating use tax in respect of materials incorporated (or to be incorporated) in the Building, then, provided that Tenant has paid all installments of the payments in lieu of such taxes referred to above which have theretofore become due and payable, Tenant shall receive a credit against the next installment(s) of Base Rent in an amount equal to the amount of such taxes (including interest and penalties) which Tenant has been compelled to pay, provided that (i) each Construction Agreement

contains the provision set forth in Section 11.05(b), (ii) Tenant has notified Landlord prior to payment of such taxes and promptly upon receipt of notice of claim that a claim has been made therefor, and (iii) if permitted by applicable law, Landlord has the opportunity to contest the imposition of same provided that neither Tenant's interest in the Premises nor any income derived by Tenant therefrom would, by reason of such contest, be forfeited or lost, or subject to any lien, encumbrance or charge, and Tenant would not by reason thereof be subject to any civil or criminal liability.

11.06. Tenant may furnish and install, for so long as permitted by the Design Guidelines, a project sign, designed, of a size and with such text as shall be reasonably satisfactory to, Landlord, at a location on the Premises reasonably satisfactory to Landlord and Tenant. Tenant also shall extend to Landlord and any of its designee(s) the privilege of being featured participants in ground-breaking and opening ceremonies to be held at such time and in such manner as Landlord and Tenant shall agree.

11.07. Tenant shall remove from the Project Area all fill excavated from the Land and shall dispose of such fill in accordance with all applicable Requirements; provided that Tenant may temporarily store such fill on its staging area as shown on Exhibit C hereto.

11.08. Tenant acknowledges that it is aware that construction activities of other developers and of Landlord are in progress or contemplated within the Project Area. Tenant shall coordinate its construction activities at the Premises with other construction activities taking place in the Project Area, and those incident to the construction of Landlord's Civic Facilities and civic facilities in other portions of the Project Area, and shall comply with, and shall have the right to utilize, the staging arrangements and areas described in Exhibit C annexed hereto. In no event shall Landlord or Master Landlord be liable for any delays in Tenant's construction of the Building attributable to other construction activity in the Project Area; provided, however, that delay caused by construction activities of Landlord or Master Landlord shall be construed to be Unavoidable Delay. In addition, Tenant shall (i) cause any and all work which Tenant is required to or does perform on, under or adjacent to any portion of any street situated in whole or in part in the Project Area to be performed in accordance with all applicable Requirements and in a manner which does not wrongfully obstruct or hinder ingress to or egress from any portion of the Project Area, (ii) not cause, permit or suffer the storage of construction materials or the placement of vehicles not then being operated in connection with construction activities on any portion of any such street, except as may be permitted by applicable Requirements, (iii) undertake its construction activities in accordance with normal New York City construction rules and (iv) promptly repair or, if required by Landlord, replace any portion of Landlord's Civic Facilities damaged by the act or omission of Tenant or any agent, contractor or employee of Tenant, any such repair or replacement, as the case may be, to be performed (A) by using materials identical to those used by Landlord, or, if Tenant, despite its best efforts, is unable to procure such materials, using materials in quality and appearance similar to those used by Landlord and approved by Landlord, and (B) in accordance with the Civic Facilities Drawings and Specifications. In the event Tenant shall have failed to promptly repair or replace such portion of Landlord's Civic Facilities as hereinabove provided after notice by Landlord and

subject to Unavoidable Delay, Landlord shall have the right to do so at Tenant's expense and Tenant shall, within ten (10) days after demand, reimburse Landlord for such costs and expenses incurred by Landlord. In the event Tenant shall fail to promptly comply with the provisions of subparagraph (ii) of this Section 11.08, Landlord shall have the right after notice to Tenant to remove such construction materials or vehicles at Tenant's expense and Tenant shall, within ten (10) days after demand, reimburse Landlord for such costs and expenses incurred by Landlord. Landlord shall have the right, but shall not be obligated, to erect a perimeter fence enclosing the Premises and any other of the parcels within the North Neighborhood, provided such fence shall permit construction access to the Premises. In the event Landlord erects such a fence, Tenant shall not interfere with same and, if the fence shall be damaged by the act or omission of Tenant or any agent, contractor or employee of Tenant, Tenant shall promptly repair or, if required by Landlord, replace same in the manner provided in the immediately preceding clause (iv)(A). At the request of Landlord, Tenant shall promptly enclose the Land with an 8-foot high chain-mesh or wooden fence so as to separate the Premises from the remainder of the Project Area. During construction, Tenant shall maintain Tenant's fence in good condition. Upon Substantial Completion of the Building, Tenant shall remove Tenant's fence and, if constructed, Landlord shall remove its fence from around the Premises. Subject to applicable Requirements, Tenant shall have the right to remove Tenant's fence at an earlier date and, if such fence is constructed, Landlord, at the request of Tenant, shall remove its fence from around the Premises, if Tenant has commenced its program to lease space in the Building or sell Cooperative Apartments or Units.

11.09. Tenant shall cause its contractors and all other workers at the Premises connected with Tenant's construction to work harmoniously with each other, and with the other contractors and workers in the Project Area, and Tenant shall not engage in, permit or suffer, any conduct which may disrupt such harmonious relationship. Tenant shall use its best efforts to cause its contractors to minimize any interference with the use, occupancy and enjoyment of the Project Area by other occupants thereof.

11.10. Tenant shall construct the Building in a manner which does not interfere with, delay or impede the activities of Landlord, its contractors, and other contractors and developers within the Project Area. If, in Landlord's reasonable judgment, Tenant shall fail to comply with its obligations under this Section 11.10, Landlord may, in addition to any other remedies it may have hereunder, order Tenant (and Tenant's contractors and other Persons connected with Tenant's construction within the Project Area) to cease those activities which Landlord believes interfere with, delay or impede Landlord or such other contractors or developers. No delay or other loss or hindrance of Tenant arising from any such order by Landlord or from the actions or omissions of any other such contractor or developer shall form the basis for any claim by Tenant against Landlord or excuse Tenant from the full and timely performance of its obligations under this Lease except as otherwise expressly set forth in this Lease.

11.11. All persons employed by Tenant with respect to construction of the Building shall be paid, without subsequent deduction or rebate unless expressly authorized by law, not less than the minimum hourly rate required by law.

11.12. Tenant shall, at all times until Completion of the Building, secure its obligations under this Lease, including, without limitation, Tenant's obligation for the payment of Rental, by depositing with Landlord upon the execution of this Lease a clean irrevocable letter of credit (the "Design/Construction Period Letter of Credit") drawn in favor of Landlord, in form and content acceptable to Landlord, and having a term of not less than one (1) year, payable in United States dollars upon presentation of one or more sight drafts, issued by and drawn on a recognized commercial bank or trust company which is a member of the New York Clearing House Association or which is satisfactory to Landlord. The initial amount of the Design/Construction Period Letter of Credit shall be Two Million One Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$2,133,333). Except as hereinafter provided, the Design/Construction Period Letter of Credit shall be renewed or replaced without decrease in amount each and every year as provided herein. Each Replacement Letter of Credit shall be delivered to Landlord not less than thirty (30) days prior to the expiration of the Design/Construction Period Letter of Credit or then current Replacement Letter of Credit. The failure of Tenant to renew the Design/Construction Period Letter of Credit or any Replacement Letter of Credit in accordance with this Section 11.12 and Article 43 hereof shall entitle Landlord to present the Design/Construction Period Letter of Credit or Replacement Letter of Credit for payment, in which event Landlord shall hold the payments in an interest bearing account and apply the proceeds thereof (together with any interest earned thereon) as provided in Section 11.13. If Landlord shall obtain the proceeds of the Letter of Credit, Tenant's failure to renew the Letter of Credit shall not constitute a Default under this Lease. Notwithstanding the foregoing, provided (i) Landlord shall not have presented the Design/Construction Period Letter of Credit or any Replacement Letter of Credit for payment and (ii) 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, then (a) at the expiration of one (1) year from the date of Commencement of Construction or at any time thereafter, Tenant shall have the right to reduce the Design/Construction Period Letter of Credit to One Million Sixty-Six Thousand Six Hundred Sixty-Seven Dollars (\$1,066,667) and (b) at or at any time after Substantial Completion, Tenant shall have the right to reduce the Design/Construction Period Letter of Credit to an amount equal to twice the amount certified by the Architect as the amount required to effect Completion of the Building. In such event, Landlord shall provide Tenant with such authorization to so reduce the Design/Construction Period Letter of Credit as the issuer thereof may require.

11.13. If prior to Completion of the Building an Event of Default shall occur, whether or not this Lease is thereby terminated, Landlord is hereby authorized by Tenant to present the Design/Construction Period Letter of Credit or any Replacement Letter of Credit for payment. In the event this Lease is terminated in accordance with the provisions of Article 24 or Tenant is dispossessed by summary proceedings or otherwise as provided in Section 24.03(b), Landlord is hereby authorized by Tenant, to retain all of the proceeds thereof as liquidated

damages. In the event this Lease is not terminated or Tenant is not dispossessed, Landlord is hereby authorized by Tenant to apply all or a portion of said proceeds to the payment of any sums then due or thereafter becoming due under this Lease and to the payment of any damages or costs to Landlord resulting from such Event of Default and to retain the balance thereof pending further application or payment to Tenant as hereinafter provided. Unless theretofore applied by Landlord, Landlord shall deliver to Tenant the Design Construction Period Letter of Credit or any Replacement Letter of Credit or proceeds thereof on the date of Completion of the Building, 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.

11.14. Landlord agrees that the leases to be entered into with other tenants of parcels within the North Neighborhood shall require such tenants to comply with requirements substantially similar to those required of Tenant pursuant to Sections 11.02(i), 11.06, 11.07, 11.08, 11.09, 11.10 and 11.11. Landlord shall enforce compliance with such requirements on a non-discriminatory basis.

ARTICLE 12

REPAIRS

12.01. Except as otherwise specified in Article 26, Tenant or, if Tenant's leasehold estate in the Premises is submitted to the condominium form of ownership in accordance with this Lease, the board of managers (the "Board of Managers"), 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 Board of Managers' 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 12.01, the term "repairs" shall include all necessary replacements, alterations and additions. All repairs made by Tenant or the Board of Managers 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.

12.02. Except as otherwise specified in Article 26, 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.

12.03. Except as otherwise specifically provided in Article 26 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 (except for the storage area referred to in Section 11.02(k)). 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 13

CHANGES, ALTERATIONS AND ADDITIONS

13.01. (a) From and after Substantial Completion of the Building, 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 15), 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 13.02:

(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 in compliance with (i) all Improvement Approvals, (ii) the Master Development Plan, the Design Guidelines, and, if required pursuant to Section 13.02(a) or (b), the plans and specifications for such Capital Improvement as approved by Landlord, (iii) 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 reasonably required by Section 11.03, unless Landlord shall reasonably determine that the Capital Improvement does not warrant the insurance required by Section 11.03 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.

13.02. (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 approved by Landlord, which approval shall not be unreasonably withheld, and, at the request of Landlord, any other drawings, information or samples to which Landlord is entitled under Article 11, all of the foregoing to be subject to Landlord's review and approval solely for conformity with the Master Development Plan, the Design Guidelines and, in the event such Capital Improvement is commenced within ten (10) years from the date the Building shall have been Substantially Completed, 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 (provided, however, that Landlord shall approve any contractor or construction manager that is wholly owned or controlled, directly or indirectly, by Tenant or by Frederick Elghanayan, H. Henry Elghanayan and/or Kamran T. Elghanayan), 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 thousand Dollars (\$500,000) (as such amount shall be increased as provided in Section 8.02(b), to the extent that any Capital Improvement involves structural work or work involving the exterior of or a change in the height, bulk or setback of the Building from the height, bulk or ng immediately prior to the Capital Improvement or in any other manner affects with the Master Development Plan or the Design Guidelines, then Tenant shall ldlord at least twenty (20) Business Days prior to commencement of the Capital , complete plans and specifications for the Capital Improvement, prepared by a ssional 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 13.02(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 13.02 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 13.02(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 13.02 until Landlord shall have given, or shall be deemed to have given, such approval required under this Section 13.02.

(d) In the event that Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Section 13.02(a)(ii)(x) or 13.02(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 Design Guidelines or the Master Development Plan, 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 (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 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.

13.03. 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 meeting the requirements of Section 11.04 hereof, together with a permanent Certificate of Occupancy therefor issued by the New York City Department of Building, to the extent a modification thereof was required.

13.04. Title to all additions, alterations, improvements and replacements made to the Building, including, without limitation, the Capital Improvements, shall forthwith vest in Landlord as provided in Section 11.05, without any obligation by Landlord to pay any compensation therefor to Tenant.

ARTICLE 14

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

14.01. Subject to the provisions of Section 26.03 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.

14.02. 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 a Mortgagee that is an Institutional Lender 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.

14.03. 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 15

EQUIPMENT

15.01. 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.

15.02. 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 16

DISCHARGE OF LIENS; BONDS

16.01. Subject to the provisions of Section 16.02 hereof, except as otherwise expressly provided herein, 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.

16.02. 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 16.01 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 16.02, 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.

16.03. 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, 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.

16.04. 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 of any interest of Landlord in the Premises.

ARTICLE 17

REPRESENTATIONS; POSSESSION

17.01. Tenant acknowledges that Tenant is fully familiar with the Land, the Project Area, the physical condition thereof (including, without limitation, the fact that the Land includes substantial portions of landfill which may present special difficulties in the design, construction and maintenance of the Building and Tenant's Civic Facilities), the Title Matters, the Master Lease, the Zoning Lot Declaration, the Master Development Plan, the Settlement Agreement and the Design Guidelines. Tenant accepts the Land 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 Land, 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 Land, 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 Land.

17.02. Notwithstanding anything herein contained to the contrary, Landlord represents that the Master Lease, the Design Guidelines, the Zoning Lot Declaration, 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.

17.03. Landlord shall deliver possession of the Land on the Commencement Date vacant and free of occupants and tenancies, subject only to the Title Matters.

17.04. Tenant represents that, as of the date hereof, the sole members of Tenant are Rockrose Assets (WC) L.L.C. and Rockrose Equities L.L.C., each a New York limited liability company, and that Frederick Elghanayan, H. Henry Elghanayan and Kamran T. Elghanayan are the sole members in each of Rockrose Assets L.L.C. and Rockrose Equities (WC) L.L.C.

ARTICLE 18

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

18.01. 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.

18.02. 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.

18.03. In addition to the provisions of Sections 18.01 and 18.02, 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 19

INDEMNIFICATION OF LANDLORD AND OTHERS

19.01. 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 "Indemnitees"), 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 Indemnitees 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 Indemnitees:

(i) construction of the Building or any other 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, 14 and 28 hereof; or

(x) any action taken by any Person (other than Landlord or Battery Park City Parks 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).

19.02. The obligations of Tenant under this Article 19 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.

19.03. 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 19.01, 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.

19.04. The provisions of this Article 19 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 20

RIGHT OF INSPECTION, ETC.

20.01. 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) constructing, 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).

20.02. Nothing in this Article 20 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 20, 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 21

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

21.01. 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.

21.02. 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 21.01, 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 21.01 shall not be nor be deemed to be a waiver or release of 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 22

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 23

PERMITTED USE; NO UNLAWFUL OCCUPANCY

23.01. 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.

23.02. 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.

23.03. 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.

23.04. 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 24

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS, REMEDIES, ETC.

24.01. 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 (i) Commencement of Construction shall not have occurred on or before the Construction Commencement Date (subject to Unavoidable Delays) and such failure shall continue for thirty (30) days after notice from Landlord to Tenant, or (ii) Substantial Completion of the Building shall not have occurred within thirty-six (36) months from the Construction Commencement Date (subject to Unavoidable Delays) and such failure shall continue for ten (10) days after notice from Landlord to Tenant;

(c) if Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in this Lease, including, without limitation, any of Tenant's obligations under the provisions of Article 11 of this Lease (other than the obligations referred to in the preceding Section 24.01(b)), 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);

(d) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to either a cooperative or condominium form of ownership in accordance with the provisions of this Lease;

(e) to the extent permitted by law, if Tenant shall make an assignment for the benefit of creditors, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to a condominium form of ownership in accordance with the provisions of this Lease;

(f) 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, 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 24.01(d), (e) or (f) hereof, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to a condominium form of ownership in accordance with the provisions of this Lease;

(g) 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 or 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, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to a condominium form of ownership in accordance with the provisions of this Lease;

(h) if Tenant shall abandon the Premises;

(i) 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;

(j) 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;

(k) 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;

(l) if Tenant shall breach one or more of the terms, conditions, covenants or agreements contained in Section 43.01(c);

(m) if Tenant shall fail to deliver any Letter of Credit in accordance with the applicable provisions of this Lease; or

(n) if any guarantor under the Guaranty of Completion delivered pursuant to Section 11.03(f) shall default thereunder and such default shall continue for ten (10) days after notice from Landlord.

24.02. 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, such 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.

24.03. (a) If (i) any Event of Default described in Section 24.01(d), (e), (f) or (g) hereof shall occur, or (ii) any Event of Default described in Section 24.01(b), (c), (h), (i), (j), (k), (l) or (m) 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 24.01(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 of 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 more than one notice 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 five 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 24.01(f) or (g) 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 24.15 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 24.03(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.

24.04. If this Lease shall be terminated as provided in Section 24.03(a) or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 24.03(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 or by Landlord under the letter of credit referred to in Section 11.12) 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 24.02 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 24.04(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 Section 24.04(b) hereof); any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for 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 24.02 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 24.04(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.

24.05. No termination of this Lease pursuant to Section 24.03(a) or taking possession of or reletting the Premises, or any part thereof, pursuant to Sections 24.03(b) and 24.04(b), shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

24.06. 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 24. 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.

24.07. 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 24, 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.

24.08. Nothing contained in this Article 24 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 24.

24.09. Except as expressly provided in Section 24.03 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 operation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

24.10. 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 re-entry or repossession or 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.

24.11. 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.

24.12. 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.

24.13. 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.

24.14. 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.

24.15. 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 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.

24.16. Nothing contained in this Article 24 shall be deemed to modify the provisions or Section 10.10, 10.11 or 10.12 hereof.

ARTICLE 25

NOTICES

25.01. 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 at 309 East 45th Street, New York, New York 10017; Attn.: H. Henry Elghanayan, with a copy to Kramer Levin Naftalis & Frankel, 919 Third Avenue, New York, New York 10022-3852, Attn.: Michael Paul Korotkin, 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).

25.02. 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).

25.03. Landlord shall deliver to Tenant 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 26

CONSTRUCTION AND MAINTENANCE OF THE CIVIC FACILITIES

26.01. (a) The term "Civic Facilities" shall mean the following improvements located in the North 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, telephone and cable television mains;
- (ii) Water mains;
- (iii) Sanitary and storm sewers;
- (iv) Fire hydrants and Emergency Response Service conduits and boxes;
- (v) Street lighting (conduit, cable, poles, fixtures and connections);
- (vi) Streets;
- (vii) Curbs;
- (viii) Temporary concrete sidewalks;
- (ix) Permanent sidewalks, including 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"); and
- (xv) Street trees.

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

Landlord and Tenant agree that all those improvements other than the Vesey Street Area have been completed, and that Landlord shall have no obligation to complete the Vesey Street Area.

(b) The term "Tenant's Civic Facilities" shall mean the following portions of the Civic Facilities as may be more particularly described, referenced or enumerated in such specifications as Landlord may supply:

- (i) Permanent sidewalk on streets adjacent to the Premises;
- (ii) Street trees (Tenant to install 3 trees, each with a four-inch caliper); and
- (iii) Public sidewalk located within the area marked "2 Feet Public Sidewalk Easement" on Figure 32 of the Design Guidelines" and planting beds along the North Neighborhood Esplanade adjacent to the Premises.

(c) The term "Landlord's Civic Facilities" shall mean all of the Civic Facilities which are not included within the definition of Tenant's Civic Facilities.

26.02. Subject to Unavoidable Delays, Tenant shall commence and diligently complete on or before the Scheduled Completion Date, in accordance with the Construction Documents and the specifications supplied by Landlord, the construction or installation of Tenant's Civic Facilities, in a good and workerlike manner and in compliance with normal New York City construction rules and all applicable Requirements.

26.03. Landlord and Tenant each shall take good care of Landlord's Civic Facilities or Tenant's Civic Facilities, as the case may be, and shall keep and maintain the same 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"), except

that (i) if Tenant installs temporary concrete sidewalks adjacent to the Premises, then Tenant shall perform Maintenance Obligations in respect of same and (ii) provided that Tenant previously has caused the street trees referred to in Section 26.01(b)(ji) to be installed in accordance with the requirements of this Article 26, from and after the first anniversary of the proper installation of such trees, Landlord shall perform Maintenance Obligations in respect of said street trees. The obligation of Landlord to perform Maintenance Obligations is expressly conditioned upon Tenant's compliance with Tenant's obligations under Section 26.05. The parties contemplate that, after the completion of construction pursuant to Section 26.02, Maintenance Obligations for the portion of the Civic Facilities described in subparagraph (i) of Section 26.01(a) shall be performed by the appropriate utility or cable companies and, for those portions of the Civic Facilities described in subparagraphs (ii)-(vii) of Section 26.01(a), shall be performed by New York City. Notwithstanding the initial sentence of this Section 26.03, Maintenance Obligations on the part of Landlord in respect of any portion of the Civic Facilities described in subparagraphs (i)-(vii) of Section 26.01(a) 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. Until such time as Chambers Street shall be dedicated, Landlord shall, at its expense, arrange for trash collection for the Premises (excluding any trash or debris resulting from construction activities or otherwise in excess of that resulting from occupancy of apartment buildings in the normal course) substantially the same as if the City of New York were providing such service.

26.04. (a) Tenant's sole remedies against Landlord for a failure by Landlord to perform its Maintenance Obligations in accordance with Section 26.03 shall be the right to engage in Self-Help and to receive the offset against Civic Facilities Payments provided for in Section 26.04(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 26.04(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 26.03 shall release Tenant from any of its obligations under this Lease. The election by Tenant of any remedy specified in this Section 26.04(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 26.04(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 26.04(b) shall be sent to all other tenants of Landlord in the

North Neighborhood 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 Neighborhood. In furtherance of Tenant's exercise of the right of Self-Help set forth in this Section 26.04(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 26.04(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 damage 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 26.04(b) 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 26.04(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.

26.05. (a) As its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading Rockefeller Park, the North Neighborhood Esplanade, Vesey Street Area, Murray Street Triangle, the Median Parks, Marginal Street Parks, any other parks or open spaces within or adjacent to the North Neighborhood, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Sections 26.01(a)(xv) and (b)(ii), 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 date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building (the "Initial Occupancy Date") and ending on the last day of the Term, shall pay to Landlord an annual sum (the "Civic Facilities Payment") determined as follows:

(i) for the period commencing on the Initial Occupancy Date and ending on the last day of the Lease Year in which the Initial Occupancy Date occurs, an amount

equal to the product obtained by multiplying the sum computed under the succeeding clause (ii) by a fraction the numerator of which shall be the number of days between the Initial Occupancy Date and the last day of the Lease Year in which the Initial Occupancy Date occurs and the denominator of which shall be three hundred sixty-five (365);

(ii) for each of the next two Lease Years, an amount equal to (A) the product obtained by multiplying the number of residential units in the Building by Two Hundred and Fifty Dollars (\$250.00) and (B) the product derived by multiplying \$.30 by the gross square feet of nonresidential floor area (other than lobbies and other common areas and the space occupied by Landlord, but including any garage) in the Building;

(iii) for each of the next three Lease Years, an amount equal to (A) the product obtained by multiplying the number of residential units in the Building by Three Hundred Dollars (\$300.00) and (B) the product derived by multiplying \$.35 by the gross square feet of nonresidential floor area (other than lobbies and other common areas and the space occupied by Landlord, but including any garage) in the Building;

(iv) for the next succeeding Lease Year and for each Lease Year thereafter, with respect to the North Neighborhood Parks, an amount equal to the product of (A) the North Neighborhood Residential Parks Budget (as defined below) multiplied by (B) 0.0925 figure being computed by dividing the number of square feet of floor area in the Building, as permitted by the Design Guidelines, by the total number of square feet of floor area in all residential buildings, including the Building, in the North Neighborhood permitted by the Zoning Resolution of the City of New York, as such number may be reduced by the Design Guidelines); and

(v) for the period referred to in the preceding clause (iv), with respect to the North Neighborhood Esplanade an amount equal to the product of (A) the North Neighborhood Esplanade Budget (as defined below) multiplied by (B) 0.0925 (said figure being computed as set forth in the preceding clause (iv)).

Except that, in lieu of clauses (iv) and (v) 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) the sum of the Parks Budget and the Residential Esplanade Budget, 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) 0.0611 (said figure being computed by dividing the number of square feet of floor area in the Building, as permitted by the Design Guidelines, by the total number of square feet of floor area in all residential buildings, including the Building, in the Project Area permitted by the Zoning Resolution of the City of New York, as such number may be reduced by the Design Guidelines pertaining to such residential buildings, less the number of square feet of floor area in the residential buildings of such Prior Tenants).

Notwithstanding the provisions of the foregoing clause (iv), the amount of Tenant's Civic Facilities Payment for any Lease Year referred to therein (other than the first Lease Year to which clause (iv) is applicable) shall not be greater than one hundred twenty-five percent (125%) of Tenant's Civic Facilities Payment for the prior Lease Year.

(b) For each Lease Year commencing with the Lease Year referred to in Section 26.05(a)(iv) (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"). 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 26.05(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") (the "Residential Esplanade Budget") 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 26.05(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 26, in the event Landlord's 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 26.05(a) 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 0.0611 (said figure being computed as set forth in Section 26.05(a)(iv)) 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 26.05(c) shall constitute Rental under this Lease.

(d) 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 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 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 Parks-Esplanade Budget and other information required by Section 26.05(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 26 with respect to Self-Help and offsets against Civic Facilities Payments.

(e) Notwithstanding the provisions of this Section 26.05, to the extent that the Civic Facilities Payments charged to any other tenant under a lease for a residential parcel in the North Neighborhood are calculated in a manner more favorable to the tenant under such lease than the Civic Facilities Payments hereunder (assuming, for purposes of such comparison, that such other tenant has the same allocable share of costs as Tenant's share herein), Landlord shall calculate the Civic Facilities Payments hereunder in such more favorable manner.

ARTICLE 27

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. Upon Substantial Completion of the Building, Landlord shall cause all streets in the Project Area to be open (subject to temporary street closings as may be normal for streets in New York City) except for the following: Park Place West, River Terrace (south of Warren), Murray Street (west of North End Avenue) and North End Avenue (from Warren to Murray).

ARTICLE 28

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 21. 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 29

SUBORDINATION; ATTORNMENT

29.01. 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).

29.02. 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.

ARTICLE 30

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 31

CERTIFICATES BY LANDLORD AND TENANT

31.01. 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.

31.02. At any time and from time to time upon not less than ten (10) days' notice by Tenant, Landlord shall execute, acknowledge and deliver to Tenant or any other party specified by Tenant 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 as (i) 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.

31.03. 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 32

CONSENTS AND APPROVALS

32.01. 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.

32.02. 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.

32.03. 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.

32.04. 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 33

SURRENDER AT END OF TERM

33.01. 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 24 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, 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.

33.02. 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 24 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 38 hereof and any and all other documents of every kind and nature whatsoever relating to the Premises.

33.03. 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.

33.04. The provisions of this Article 33 shall survive any termination of this Lease.

ARTICLE 34

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 35

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 and the Title Matters.

ARTICLE 36

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 36, 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 takes place pursuant to Article 11 hereof or 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 36, 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 37

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 38

FINANCIAL REPORTS

38.01. Tenant, from and after the date upon which any portion of the Premises is subleased or occupied or rents or other charges are received by Tenant for the use or occupancy thereof, shall furnish to Landlord the following:

(a) if the Premises shall be used for rental purposes, 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; and

(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 Board of Managers to Tenant-Stockholders or Unit Owners, as the case may be.

38.02. 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 38.01, 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).

38.03. 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 39

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 40

NO DISCRIMINATION

40.01. (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 erection, maintenance, repair, Restoration, alteration or replacement of, or addition to, the Building or Tenant's 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 the 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, an 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 construction of the Building or any 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.

40.02. Tenant shall be bound by and shall include the following paragraphs (a) through (e) of this Section 40.02 (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.

40.03. Tenant has reviewed the Affirmative Action Program, a copy of which is annexed hereto as Exhibit D. Tenant shall, and shall use its commercially reasonable best efforts to cause each of its agents, contractors and subcontractors to, promptly and diligently carry out its obligations under such Program in accordance with the terms thereof. If Tenant fails to comply with its obligations under this Section 40.03 or under Exhibit D, Landlord's sole remedies shall be as provided in Exhibit D, provided that any amounts payable by Tenant to Landlord under Section 9 of Exhibit D shall constitute Rental hereunder.

40.04. Tenant has reviewed the Affirmative Fair Marketing Program, a copy of which is annexed hereto as Exhibit E, and Tenant shall, and shall use its commercially reasonable best efforts to cause each of its agents to, comply with all of the terms and provisions of such Program. If Tenant fails to comply with its obligations under this Section 40.04 or under Exhibit E, Landlord's sole remedies shall be as provided in Exhibit E.

ARTICLE 41

MISCELLANEOUS

41.01. 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.

41.02. 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.

41.03. 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.

41.04. 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.

41.05. 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.

41.06. 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 or 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.

41.07. Except as otherwise expressly provided in this Lease, there shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or any part thereof 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.

41.08. 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.

41.09. 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. If any claim is made by any

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.

41.10. 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.

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

41.12. 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.

41.13. 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.

41.14. All of Tenant's right, title and interest in all plans and drawings required to be furnished by Tenant to Landlord under this Lease, including, without limitation, the Schematics, the Design Development Plans and the Construction Documents, and in any and all other plans, drawings, specifications or models prepared in connection with construction at the Premises, any Restoration or Capital Improvement, 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 41.14 shall survive the Expiration Date.

41.15. 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.

41.16. 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 41.06, 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.

41.17. 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, subject to the provisions of Section 41.25, such Person has assumed and agreed to carry out any and all agreements, covenants and obligations of Tenant hereunder to be performed from and after the date of such acquisition, sale or transfer.

41.18. Landlord shall not enter into or cause to be entered into any amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration, or Design Guidelines, which (a) increases or materially adversely alters Tenant's obligations under this Lease, (b) decreases or materially adversely alters Tenant's rights under this Lease, (c) limits the permitted uses of the Premises or the Civic Facilities, (d) limits Tenant's rights under this Lease to dispose of, or assign its interest in, the Premises or (e) decreases or alters the rights of a Mortgagee under this Lease, unless the same is consented to by Tenant (or, in the case of (e), by such Mortgagee) or is made subject and subordinate to this Lease and such rights of such Mortgagee. In the event Landlord shall enter into or cause to be entered into an amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration or Design Guidelines which is not in conformity with this Section 41.18, Tenant shall not be obligated to comply with the provisions of such amendment, modification or supplement which do not so conform and the same shall have no force or effect with respect to Tenant or any Mortgagee. Notwithstanding anything herein contained to the contrary, neither Tenant nor any Mortgagee shall have any right to approve any amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration or Design Guidelines which does not affect the Premises or Tenant's rights or obligations under this Lease.

41.19. 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.

41.20. 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 41.20, 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.

41.21. (a) Whenever Landlord shall have the right to approve the architect, engineer or lawyer to be employed by Tenant, any architect, engineer or lawyer so approved by Landlord at any time during the Term shall be deemed to be acceptable to Landlord for employment by Tenant at any time thereafter, unless Landlord shall have good cause for refusing to allow the continued employment of such consultant.

(b) Whenever Tenant is required to obtain Landlord's approval of an architect, engineer or lawyer, Tenant shall notify Landlord if it intends to employ an architect, engineer or lawyer previously approved. In the event that Landlord shall refuse to approve the continued employment of such consultant, it shall so notify Tenant, specifying the reason therefor.

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

41.23. In connection with any payment to be made to Landlord pursuant to Section 11.05(c), Landlord, upon request by Tenant and at no cost or expense to Landlord, shall cooperate with any effort by Tenant to establish that, by reason of ownership of the Building by Landlord, no sales or compensating use tax is payable in respect of materials incorporated (or to be incorporated) in the Building. Tenant shall promptly reimburse Landlord for all costs or expenses which Landlord may sustain or incur while acting pursuant to this Section 41.23.

41.24. Prior to the execution of any Mortgage which is a first lien on Tenant's leasehold estate, Landlord agrees to make such reasonable changes as may be requested by a prospective Mortgagee with respect to such Mortgagee's rights under this Lease (a) to perform Tenant's obligations and/or exercise Tenant's rights under this Lease, (b) to receive notice of and cure Defaults under this Lease, (c) to obtain a new lease of the Premises in the event this Lease is terminated by Landlord, or (d) to participate in any arbitration, insurance adjustment and condemnation proceeding.

41.25. 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.

ARTICLE 42

PARKING

(a) Landlord has advised Tenant that Landlord is negotiating a lease with The Related Companies for Site 20 A/C (such lease with The Related Companies or its affiliate, the "Related Lease").

(b) If Landlord enters into the Related Lease, Landlord shall cause such lease to contain a provision wherein the tenant under the Related Lease agrees (i) to construct a garage as part of the improvements on Site 20 A/C, (ii) to make available, from and after the date of the opening of such garage for use by the public or by subtenants or occupants of the building to be constructed on Site 20 A/C (the "Opening Date"), 68 spaces in the garage for use by the subtenants/occupants of the Premises upon terms and conditions consistent with the costs, terms and conditions applicable to subtenants/occupants of Site 20 A/C who use such garage, and (iii) that the tenant under this lease shall have the right to enforce such provision.

(c) Subject to the provisions of paragraph (d) below, between the date that is ninety (90) days prior to the date of Substantial Completion of the Building and the Opening Date (as such date is reasonably estimated by Tenant and set forth in a notice from Tenant to Landlord referring to this Article 42), Landlord shall arrange for subtenants/occupants of the Premises to have use of 68 parking spaces which shall consist of uncovered surface parking on River Terrace from Warren Street South to Park Place West and, if necessary, on Park Place West. Landlord shall erect a fence around such parking areas and Tenant shall provide and pay for any guard it may desire. In no event shall Landlord have any responsibility for any vandalism or crime occurring in such areas and the Tenant's indemnification obligations under Article 19 shall extend to such areas as if such areas were part of the Premises.

(d) If the Related Lease is not entered into by the date of Substantial Completion of the Building, then Landlord's obligations under Paragraph (c) above shall cease as of the commencement, subsequent to the date hereof, of the development of any site in the North Neighborhood (other than the Premises); provided, however, that Landlord shall endeavor, to the extent Landlord determines in its reasonable discretion that it is feasible to do so and that nothing has occurred subsequent to the date hereof that would make it more difficult or costly for a

developer to construct, operate or maintain a garage on such new development, to insert into the lease for such new development a provision similar to that described in paragraph (b) above; and provided, further, that if the initial development of any site in the North Neighborhood contains a garage as part of its original improvements, Landlord shall cause the lease for such site to contain provisions substantially the same as those set forth in paragraph (b) above, provided that the number of spaces to be made available for the tenants/occupants of the Premises need not exceed 68 or 47% of the total number of spaces in such garage, whichever is less.

(e) In no event shall Landlord have any liability to Tenant by reason of the breach by the tenant under the Related Lease or by the tenant under any other lease containing provisions for Tenant's benefit relating to parking, of any provision therein that is for the benefit of Tenant.

ARTICLE 43

LETTERS OF CREDIT

43.01. (a) Letter of Credit. In accordance with the provisions of Section 11.12 hereof, Tenant has delivered to Landlord the Design/Construction Period Letter of Credit and (the Design/Construction Period Letter of Credit and any other letter of credit now or hereafter required to be delivered by Tenant pursuant to the terms of this Lease being hereinafter called the "Letter of Credit", which term shall also refer to any Replacement Letter of Credit, as hereinafter defined).

(b) Presentment of Sight Draft(s) Under Letter of Credit. If Tenant (i) fails to perform any of Tenant's obligations under this Section 43.01 in strict compliance with the requirements of this Section 43.01 or (ii) violates any prohibition contained in this Section 43.01, then Landlord shall have the right (in addition to all other rights and remedies provided in this Lease and without Landlord's exercise of such right being deemed a waiver or a cure of Tenant's failure to perform), without notice to Tenant, to present for immediate payment sight draft(s) in any amount Landlord elects up to the full amount then available under such Letter of Credit and to apply the proceeds thereof in the manner provided in this Lease for the application of the proceeds of such Letter of Credit. Any proceeds not so applied shall be held by Landlord or invested and reinvested in United States government securities maturing in no more than ninety (90) days or in federally insured money market accounts. Any interest earned thereon shall constitute proceeds of such Letter of Credit and shall be applied in the same manner as the proceeds of such Letter of Credit are applied. Landlord's obligations with respect to the presentment of any Letter of Credit, the return of any Letter of Credit or any proceeds thereof shall be governed by the applicable provisions of this Lease.

(c) Purpose of Letter of Credit. Tenant acknowledges that the purpose of each Letter of Credit is to provide sure and certain security for Landlord and that Landlord has accepted each Letter of Credit for that purpose, in place of a cash deposit in the same amount,

with the understanding that each Letter of Credit is to be the functional equivalent of a cash deposit. To further assure that each Letter of Credit achieves its intended purpose, the parties agree as set forth below. Tenant acknowledges that the waivers in this Section 43.01(c) constitute a material portion of the inducement to Landlord to accept each Letter of Credit under the terms and conditions of this Section 43.01, and that Landlord has agreed to accept each Letter of Credit in reliance on Tenant's waivers in this Section 43.01. Any breach by Tenant of the provisions of this Section 43.01(c) shall constitute an Event of Default hereunder.

(d) Waiver of Certain Relief. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with each Letter of Credit:

(i) A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any Letter of Credit or the Issuer's honoring or payment of sight draft(s); or

(ii) Any attachment, garnishment, or levy in any manner upon either the proceeds of any Letter of Credit or the obligations of the Issuer (either before or after the presentment to the Issuer of sight drafts drawn under such Letter of Credit) based on any theory whatever.

(e) Remedy for Improper Drafts. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any Letter of Credit shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Involuntary Rate and reasonable attorneys' fees, provided that at the time of such refund, Tenant reinstates such Letter of Credit if and as then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any Letter of Credit, or the Issuer's payment of sight drafts drawn under such Letter of Credit, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Involuntary Rate from the next installment(s) of Base Rent and Percentage Rent.

(f) Notices to Issuer. Tenant shall not request or instruct the Issuer of any Letter of Credit to refrain from paying sight draft(s) drawn under such Letter of Credit.

(g) Assignment. If either Landlord or Tenant desires to assign its rights and obligations under this Lease in compliance with the provisions of this Lease, then the parties to this Lease shall, at the assignor's request, cooperate so that concurrently with the effectiveness of such assignment, Tenant shall deliver to Landlord a Replacement Letter of Credit as described in

Section 43.01(h) or an appropriate amendment to such Letter of Credit, in either case identifying as Applicant and Beneficiary the appropriate parties after the assignment becomes effective. The assignor shall pay the Issuer's fees for issuing such Replacement Letter of Credit or amendment.

(h) Replacement of Letter of Credit. Tenant shall replace any Letter of Credit with a replacement letter of credit (the "Replacement Letter of Credit") (i) at least thirty (30) days prior to the expiry date of a Letter of Credit which is expiring or (ii) within ten (10) days after the date on which the Issuer delivers any notice purporting to terminate or to decline to renew such Letter of Credit, or expressing any intention to do either of the foregoing. Simultaneously with the delivery by Tenant to Landlord of a Replacement Letter of Credit complying with the provisions of this Lease, Landlord shall deliver in accordance with Tenant's reasonable instructions such Letter of Credit being replaced, provided that at such time no sight draft(s) under such Letter of Credit are outstanding and unpaid. Except as otherwise specifically provided in this Lease, any Replacement Letter of Credit shall be upon the same terms and conditions as the Letter of Credit replaced, but in any event:

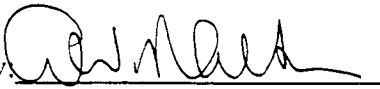
(i) Amount. The amount of each Replacement Letter of Credit shall equal or exceed the amount of such Letter of Credit at the time of replacement.

(j) Dates. The date of the Replacement Letter of Credit shall be its date of issuance. The expiry date of the Replacement Letter of Credit, as referred to in the opening paragraph of such Replacement Letter of Credit, shall be exactly one year later than the expiry date of the Letter of Credit being replaced except in the case of the last Lease Year in which case the expiry date shall be the date of expiration of this Lease.

(k) Issuer. Each Replacement Letter of Credit shall be issued or confirmed, within the meaning of New York Uniform Commercial Code Section 5-103(1)(f), in its entire amount, by a bank reasonably satisfactory to Landlord or that is a member of the New York Clearing House Association and has assets in excess of \$7,500,000,000 and a net worth in excess of \$300,000,000. The office for presentment of sight drafts specified in the Replacement Letter of Credit shall be located at a specified street address within the Borough of Manhattan, City of New York.

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

BATTERY PARK CITY AUTHORITY

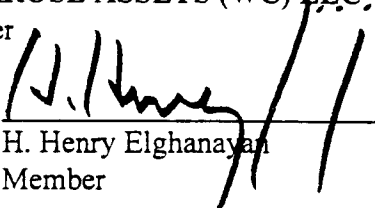
By: 

Its: Exec VP

TRIBECA LANDING L.L.C.

By: **ROCKROSE ASSETS (WC) LLC,**
Member

By:


H. Henry Elghanayan
Member

Schedule 1

<u>Lease Year</u>	<u>Base Rent</u>
1	\$175,000
2	175,000
3	175,000
4	350,000
5	350,000
6	350,000
7	350,000
8	350,000
9	350,000
10	350,000
11	350,000
12	350,000
13	350,000
14	360,000
15	371,000
16	381,500
17	392,000
18	402,500
19	413,000
20*	413,000

* Year 20 through First Appraisal Date. Annual Base Rent for each fifteen year period commencing on the First Appraisal Date shall increase as set forth in the Ground Lease.

Schedule 2

<u>Lease Year</u>	<u>Minimum</u>
1	\$353,752
2	353,752
3	353,752
4	301,252
5	301,252
6	301,252
7	301,252
8	301,252
9	301,252
10	301,252
11	301,252
12	301,252
13	301,252
14	298,102
15	511,226
16	511,622
17	735,382
18	739,323
19	973,719
20	984,355
21	1,232,538
22	1,246,720
23	1,246,720

EXHIBIT A

DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being a part of Battery Park City North, and more particularly bounded and described as follows:-

COMMENCING at the intersection of the westerly line of West Street and the northerly line of Chambers Street;

1. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 191.94 feet to the westerly line of Marginal Street, Wharf or Place;
2. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 371.69 feet to the division line between Parcel 21A on the west, and Parcel 21B on the east, being the point of beginning;
3. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
4. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 83.93 feet to the southerly line of a Public Place;
5. thence northeasterly along said southerly line of a Public Place forming a deflection angle of 69 degrees 12 minutes 30 seconds to the right from the preceding course, north 71 degrees 05 minutes 23 seconds east, a distance of 106.97 feet to the division line of Parcel 21A on the west, and Parcel 21B on the east;
6. thence southerly along said division line forming a deflection angle of 110 degrees 47 minutes 30 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 121.90 feet to the point of beginning.

continued.....

EXHIBIT A
(continued - page two)

Subject to a 2 foot sidewalk easement described as follows:

1. Beginning at the intersection of the northerly line of Chambers Street, and the division line between Parcel 21A on the west and Parcel 21B on the east;
2. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
3. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 2.00 feet to a point;
4. thence easterly forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, and passing through Parcel 21A, south 88 degrees 07 minutes 07 seconds east, a distance of 100.00 feet to a point on the division line between Parcel 21A on the west and Parcel 21B on the east;
5. thence southerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 2.00 feet to the point of beginning.

EXHIBIT B

TITLE MATTERS

1. The Master Lease as in effect on the date hereof.
2. The Settlement Agreement 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.
5. Declaration of Zoning Lot and Ownership Statement dated October 12, 1989 made by Battery Park City Authority and recorded in Reel 1629 at page 0003 in the Office of the City Register, New York County.
6. State of facts on Survey made by Earl S. Lovell - S.P. Belcher, Inc. dated June 22, 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, interfere with the construction of the Building in accordance with the Construction Documents or have an adverse effect on the use of the Premises as a multi-family building with commercial space.
7. 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.
8. Zoning and other laws, ordinances, governmental regulations, orders and requirements pertaining to the Premises.

EXHIBIT B-1

19 May 1995

John Pettit West III
Rockrose
309 East 45th Street
New York, NY 10017

Dear John:

This letter will confirm our understanding of the height of the future building on Site 21A.

The North Residential Neighborhood Guidelines, which were used as a basis for your original proposal, allow a building of up to 350 feet. The Authority is willing to consider a taller building in exchange for a commitment from Rockrose to provide a minimum of 126 two-bedroom apartments in the building, each in excess of 950 square feet.

The additional height of the building will be achieved by the following:

- A transfer of bulk from the North Esplanade street wall will be permitted. The North Esplanade street wall must be built to a minimum height of El. 75. It is our understanding that this bulk equals 18,160 square feet.
- Section 28-00 of the Zoning Resolution (the Quality Housing Program) will allow some common floor area in the building to not count against the building's zoning square footage. We understand this to be around 5,000 square feet. In order to take advantage of this provision, the building may have no more than 8 apartments per floor (according to the provisions of Section 28-00).
- We will grant you an allowance of 10 square feet per floor, per facade, for architectural delineation, terraces and balconies. This totals 1,600 square feet which may be transferred to the top of the building.
- Setbacks at the top four floors would carve away about 7,000 square feet. This bulk may be recouped in additional height.

These items would add a total of 31,760 square feet at the top of the building. At 7,700 square feet per floor, this would come to 4.12 additional floors. At 9.16 feet per floor, 38

additional feet would be necessary. We understand that plumbing stack transfers would require two additional vertical feet. This comes to a total building height, to the last occupiable floor, of 390 feet. By way of this letter we grant this additional height.

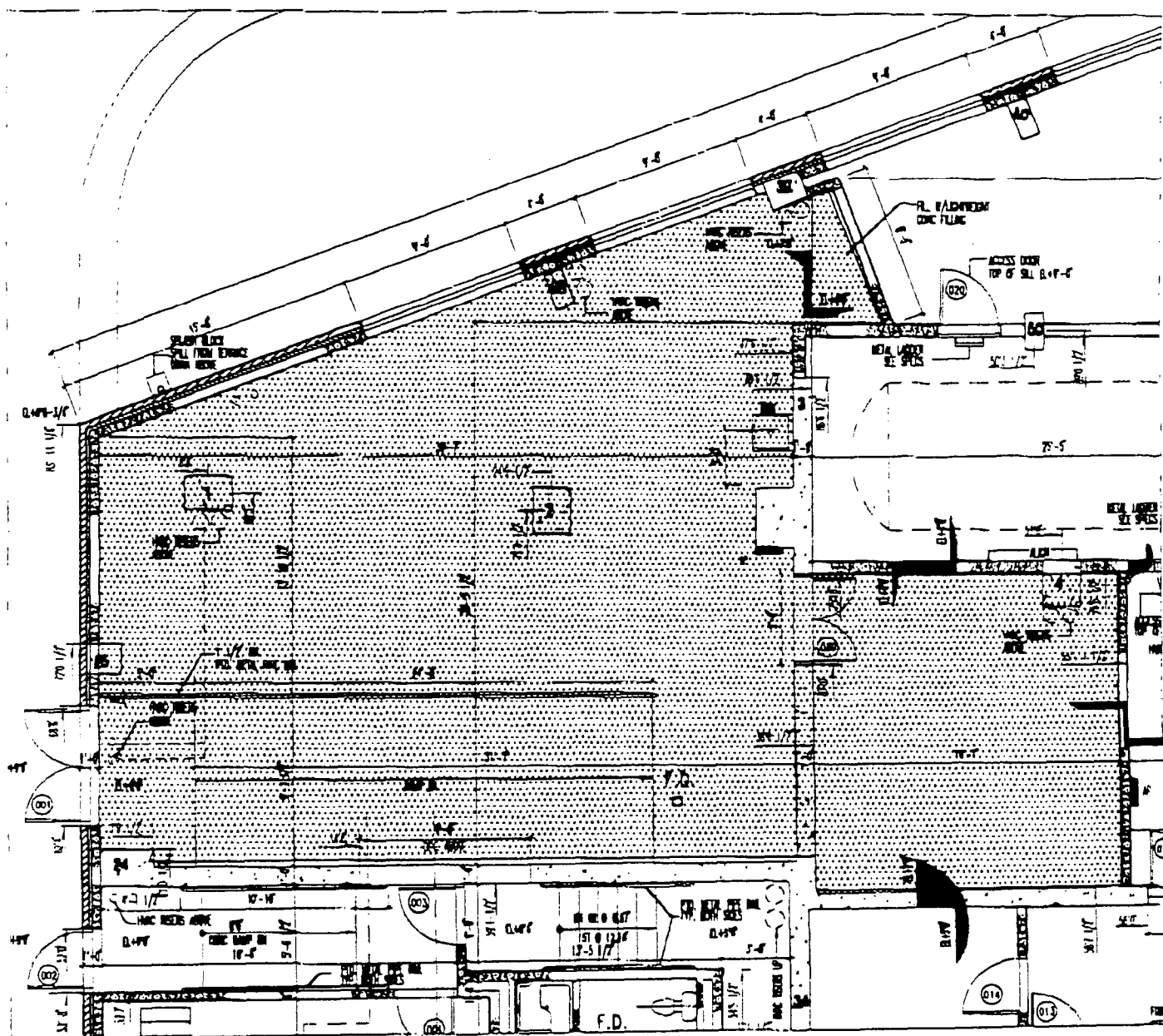
We hope this will be helpful in designing an important and prominent Battery Park City building.

Sincerely,

Philip R. Pitruzzello

EXHIBIT B-2

LANDLORD'S SPACE



ARCHITECTURAL SKETCH

Date	JUNE 26, 1987	Drawing No.	SK.81
Drawing Title	BPC SPACE ESPLANADE LEVEL	Project	401 CHAMBERS STREET
Scale	1/8" = 1'-0"	Job No.	94-1378
Drawn By			

[EXHIBIT C - STAGING ARRANGEMENTS
intentionally left out of this binder.]

EXHIBIT D
BATTERY PARK CITY
AFFIRMATIVE ACTION PROGRAM

This Affirmative Action Program has been adopted by Battery Park City Authority ("BPCA"), pursuant to the provisions of Section 1974-d of the Public Authorities Law as modified by Section 317 of the Executive Law, in order to assist Tenant, its contractors, subcontractors and suppliers (collectively, "Contractors") and all other persons participating in the development, construction, operation and maintenance of that portion of the Battery Park City North Residential Neighborhood Development identified in the Lease to which this program is attached (the "Project") in complying with their respective obligations to give minority and women-owned business enterprises and minority group members and women opportunity for meaningful participation on contracts entered into in connection with the Project, and to permit BPCA to carry out its statutory obligations in connection with the construction, management and operation of real estate development projects at Battery Park City.

1. Definitions. As used in this Program, the following terms shall have the following respective meanings:

Approved MBE Contract: each Contract between Tenant or its Contractors and a Certified MBE which has been entered into in accordance with this Program.

Approved WBE Contract: each Contract between Tenant or its Contractors and a Certified WBE which has been entered into in accordance with this Program.

Certified Business: A business certified as a minority or women-owned business enterprise by the Division, or such other New York State agency or department authorized to make such certification.

Construction of the Project: All work occurring on the Battery Park City site in connection with the development, design, construction and initial occupancy of the Project.

Contract: as defined in Section 2.

Contract Value: The sum of the MBE Contract Value and the WBE Contract Value.

Director: The Director or the Executive Director of the Division.

Directory: The directory of certified businesses prepared by the Director, for use in the implementation of this Program

Division: The Division of Minority and Women's Business Development of the New York State Department of Economic Development.

Executive Law: The New York State Executive Law.

Lease: The Agreement of Lease, of even date herewith, between BPCA and Tenant, as amended and supplemented from time to time.

MBE or WBE Contract Value: The total contract price of all work let to MBEs or WBEs by Tenant or its Contractors pursuant to Approved MBE or Approved WBE Contracts, less the total contract price of all work let to MBEs or WBEs by other MBEs and/or WBEs, provided that (a) where an MBE or WBE subcontracts (other than through supply contracts) more than 50 percent (50%) of its work, the contract price of the work let to such MBE or WBE shall be deemed to equal the excess, if any, of the work let to such MBE or WBE over the contract price of the work subcontracted by such MBE or WBE, (b) where materials are purchased from an MBE or WBE which acts merely as a conduit for a supplier or distributor of goods manufactured or produced by a non-MBE or non-WBE, the price paid by the MBE or WBE to the supplier, distributor, manufacturer or producer shall be deducted from such total contract price and (c) where a contractor or subcontractor is a joint venture including one or more MBEs or WBEs as joint venture partners, such joint venture shall be treated as an MBE or WBE only to the extent of the percentage of the MBEs or WBEs interest in the joint venture. In any event, MBE/WBE Contract Value shall include only monies actually paid to MBEs or WBEs by Tenant or its Contractors.

Minority or Women's Workforce Participation: The percentage of person-hours of training (subject to the provisions of Section 3(c) below) and employment of Minority Group Members or women workers (including supervisory personnel) in the total workforce used by Tenant and its Contractors in the Construction of the Project.

Minority Group Member: A United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:

- (1) Black persons having origins in any of the Black African racial groups;
- (2) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Indian or Hispanic origin, regardless of race;
- (3) Native American or Alaskan native persons having origins in any of the original peoples of North America; or
- (4) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands.

Minority-Owned Business Enterprise or MBE: A business enterprise, including a sole proprietorship, partnership, limited liability company, or corporation that is:

- (1) at least 51 percent owned by one or more Minority Group Members;
- (2) an enterprise in which such minority ownership is real, substantial and continuing;

- (3) an enterprise in which such minority ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; and
- (4) an enterprise authorized to do business in this State and is independently owned and operated.

Public Authorities Law: The New York State Public Authorities Law

Subcontract: an agreement providing for a total expenditure in excess of \$25,000 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon between a contractor and any individual or business enterprise, including a sole proprietorship, partnership, limited liability company, corporation, or not-for-profit corporation, in which a portion of a contractor's obligation is undertaken or assumed, but shall not include any construction, demolition, replacement, major repair, renovation, planning or design of real property or improvements thereon for the beneficial use of the contractor.

Total Development Costs: all monies expended by, or on behalf of, Tenant in connection with the development, design, construction and initial occupancy of the Project, including the total contract price of all Contracts awarded by Tenant (a) for the furnishing of labor, materials and services for inclusion in the Project, plus the cost of all general conditions work applicable to the Project and not included in such Contracts, and (b) for non-construction services, including architectural, engineering, accounting, legal and technical consultant services, rendered in connection with the development, design, construction and initial occupancy of the Project. Total Development Costs shall include but not be limited to costs for: demolition and excavation, general contractor's or construction management fees (except for such fees payable to Tenant, an affiliate of Tenant, or HRH Construction Corporation), interim management, site work and landscaping, installation and hook-ups to utilities and infrastructure, leasehold improvements in preparation for initial occupancy of the Project by

tenants, leasing commissions and other lease-up expenses, pre-opening and marketing expenses and public and other civic improvements to be completed by Tenant pursuant to the Lease, except costs pursuant to contracts let to contractors with less than three employees. Total Development Costs shall not include monies expended by, or on behalf of, Tenant for the following: letter of credit fees, title insurance fees and charges, appraisal costs, developer's overhead and fees, fees paid to Tenant or an affiliate of Tenant, mortgage interest, debt service, mortgage brokerage commissions, commitment and other mortgage fees and charges, mortgage recording taxes and other government fees and taxes, costs of administering this Program, insurance premiums and Rental and all other sums and charges paid to or on behalf of BPCA pursuant to the Lease or otherwise with respect to the Project.

Women-owned Business Enterprise or WBE: A business enterprise, including a sole proprietorship, partnership, limited liability company or corporation that is:

- (1) at least 51 percent owned by one or more United States citizens or permanent resident aliens who are women;
- (2) an enterprise in which the ownership interest of such women is real, substantial and continuing;
- (3) an enterprise in which such women ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; and
- (4) an enterprise authorized to do business in this State and which is independently owned and operated.

2. Compliance with Lease and Contract Obligations.

(a) Tenant shall (i) comply with all of its non-discrimination and affirmative action obligations as set forth in the Lease, and (ii) use its commercially reasonable best efforts to cause each of its Contractors to comply with all of such Contractor's non-discrimination and

affirmative action obligations as set forth in the Lease and construction contract or other instrument (collectively, "Contract") pursuant to which such Contractor furnishes materials or services for the Project.

(b) Compliance by Contractor, or by Tenant when it enters into a contract, with the affirmative action and non-discrimination obligations relating to opportunities for participation on contracts by MBEs and WBEs, as set forth in this Exhibit D, or in the Lease, or Contract, shall, as required by Section 317 of the Executive Law, be determined in accordance with the provisions of Section 313, subsections 5,6,7, & 8 and Section 316 of the Executive Law, as same may be amended from time to time ²and rules or regulations promulgated therefor with the same force and effect as if the Contract were a "State Contract" as defined in Section 310 of the Executive Law.

(c) In its Contracts with Contractors (except those for which exemptions or waivers apply pursuant to the the terms of this Agreement or with three or fewer employees), Tenant agrees that it will require that each Contractor, as a condition of the Contract, (i) be bound by the above referenced Executive Law provisions, and (ii) that Contractor's compliance or non-compliance with its MBE and WBE affirmative action and non-discrimination obligations, as set forth in the Contract will be determined by BPCA, and that solely for the purpose of compliance with the said provisions of the Executive Law, BPCA shall be deemed to be the "Contracting Agency" as that term is used in such provisions of the Executive Law.

3. Minority and Women Workforce Participation.

(a) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors (except those for which exemptions or waivers apply pursuant to the terms of this Program or with three or fewer employees), to promote the employment of Minority Group Members and women as workers in the Construction of the Project, provided that such obligation shall be deemed to have been fulfilled when (i) the Minority Workforce Participation

equals 30% of the total person-hours of training and employment used in the construction of the Project, and (ii) the Women Workforce Participation equals five percent (5%) of the total person-hours of training and employment used in the Construction of the Project. Tenant and BPCA have, after reviewing the work to be included in the Project and the qualifications and availability of Minority and women workers for participation in such work, determined that the percentages set forth above and in such Schedule are reasonable and attainable. In further fulfillment of its obligations hereunder, Tenant shall also comply with the procedures set forth in Section 4 hereof.

(b) In order to assist Tenant in carrying out the provisions of Section 3(a) above, Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, participate in on-the-job training program or programs approved by the NYS Department of Labor, or such other or successor programs as shall be approved by the New York State Labor Law, as amended.

(c) In order for the non-working training hours of apprentices and trainees to be counted in meeting the percentages set forth in Section 3(a) above, such apprentices and trainees must be employed by the Tenant or Contractor during the training period, and the Tenant or Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities.

(d) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors employing more than three employees to, submit to BPCA daily reports on the composition of the workforce on the Project, monthly payroll reports, a monthly summary payroll report on a form approved by BPCA, broken down by person-hours and by ethnic and gender makeup and such other or more frequent reports regarding workforce composition as BPCA shall require. Monthly payroll and summary reports are to be submitted by the 10th day of the month following the period covered by such report.

(e) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, review at least semiannually, Tenant's non-discrimination obligations and

obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions.

4. Minority and Women Workforce Procedures. Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, provide and maintain a working environment free of harassment, intimidation and coercion. Tenant shall ensure that all foremen, superintendents and other on-site supervisory personnel are aware of and carry out Tenant's non-discrimination obligations and its obligation to maintain such a working environment. In addition, Tenant shall, and shall cause its Contractors to, observe the following procedures throughout the Construction Period:

(a) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, make a search for Minorities and women for employment in the Construction of the Project.

(b) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, encourage Minority and women employees to recruit other Minorities and women for employment on the Project.

(c) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, fulfill its/their Minority and women workforce participation obligations under Section 3(a) above in a substantially uniform manner throughout the Construction Period.

(d) Tenant shall not, and shall use its commercially reasonable best efforts to cause its Contractors not to, transfer Minority and women employees from employer to employer or project to project for the purpose of meeting Tenant's and Contractors' obligations hereunder.

(e) Tenant shall meet with BPCA and such other persons as BPCA may invite, on a periodic basis as required by BPCA, to discuss issues relating to Minority and Women Workforce Participation. At such meetings Tenant shall report on the names of its Contractors then engaged in construction on the Project or which within 60 days are scheduled to be engaged in construction on the Project, on the nature of the work and anticipated construction

schedule of such Contractors, on the anticipated hiring needs of such Contractors, on the names of the responsible foremen for each of the construction trades directly employed by such Contractors, and such other information reasonably requested by BPCA that will promote the employment of Minorities and women. Tenant shall use its commercially reasonable best efforts to obtain the above information from its Contractors and shall, upon BPCA's request, use its commercially reasonable best efforts to cause its Contractors to attend said meetings and provide the above information.

(f) Tenant shall monitor all of its Contractors to ensure that the foregoing obligations are complied with by each Contractor.

(g) Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, consult with BPCA regarding fulfillment of its obligations hereunder prior to solicitation for any contractors, subcontractors, or consultant.

(h) In fulfillment of the obligations set forth in this Section 4, Tenant shall furnish BPCA, at its request, documentary evidence of its efforts.

5. Determination of MBE and WBE Eligibility. A business enterprise which is a Certified MBE or a Certified WBE is an eligible MBE or WBE and shall remain an eligible MBE or WBE for so long as such business continues to be a Certified MBE or Certified WBE. Certification as an MBE or WBE shall be the sole and conclusive determination of eligibility for the purposes of this Program. BPCA will rely on a determination with respect to MBE or WBE certification of, or failure to certify, a business enterprise as an eligible MBE or WBE made by the Division or its successor or other designated New York State certifying agency, office or authority pursuant Article 15A of the New York State Executive Law, or any guidelines or regulations issued thereunder, or any other or successor applicable law, or regulations or executive order.

6. MBE and WBE Participation. Tenant shall, and when contemplated by the applicable Contract bid package, shall use its commercially reasonable best efforts to cause its Contractors to, provide meaningful participation in Contracts for the Project to MBEs and WBEs, provided that such obligation shall be deemed to have been fulfilled when the aggregate Contract Value of Approved MBE Contracts and Approved WBE Contracts shall equal thirty percent (30%) of Total Development Costs. In determining the aggregate Contract Value of Approved MBE and WBE Contracts, an amount equal to the Contract Value of all contracts for which BPCA has issued waivers to Tenant or its Contractors pursuant to Section 313, subsections 5,6,7 & 8, and Section 316 of the Executive Law, shall be included as part of the aggregate Contract Value for the purpose of fulfillment of Tenant's and Contractors' obligation under this Program, including obligations under Section 6(a), below and all other provisions relating to Tenant's and Contractors' MBE and WBE obligations as may be set forth herein or in the Schedules attached hereto.

In order to fulfill its obligations hereunder:

(a) Tenant shall, during the Construction Period (which shall mean the period commencing at the Commencement Date and terminating at Substantial Completion of the Building, as such terms are defined in the Lease), enter into, or cause its Contractors to enter into, Approved MBE Contracts and Approved WBE Contracts having an aggregate Contract Value of at least twenty-five percent (25%) of Total Development Costs; such aggregate Contract Value shall consist of an aggregate MBE Contract Value of at least twenty percent (20%) of Total Development Costs and an aggregate WBE Contract Value of at least five percent (5%) of Total Development Costs. After reviewing the work to be included in the Project, Tenant and BPCA have identified portions of such work for which, in their judgment, qualified MBEs and WBEs are expected to be available and have agreed upon such portions of the work and the estimated value thereof. During the Construction Period, in partial fulfillment of its obligations hereunder, Tenant presently expects to enter

into, or cause its Contractors to enter into, Approved MBE Contracts and Approved WBE Contracts in accordance with the procedures set forth in Section 7 below.

(b) In further fulfillment of its obligations under this Section 6, Tenant shall, throughout the Construction Period, (i) conduct a thorough and diligent search for qualified MBEs and WBEs to carry out additional portions of the Project, (ii) review the qualifications of each MBE and WBE suggested to Tenant by BPCA, and (iii) enter into, or cause its Contractors to enter into, Approved MBE Contracts and Approved WBE Contracts with all qualified and available MBEs and WBEs, respectively, in accordance with and subject to the procedures set forth in Section 7 below.

7. MBE/WBE Participation Procedures. Tenant shall observe the following procedures throughout the Construction Period and until such time as Tenant has fulfilled its obligations under Section 6 above:

(a) Tenant shall advise BPCA promptly of Tenant's proposed design and construction schedule for the Project and afford BPCA's Affirmative Action Officer a reasonable opportunity to become familiar with the proposed scope, nature and scheduling of Tenant's major Contracts. As promptly as practicable, but in any event at least ten (10) but not more than ninety (90) days prior to issuing requests for proposals or invitations to bid for any Contracts, Tenant shall furnish BPCA with a projected schedule which shall include a detailed description (the "Contract Schedule") of such Contracts, broken down by trade. Tenant will update or amend the Contract Schedule as required to reflect any changes in Tenant's proposed Contracts and will promptly notify BPCA thereof. The Contract Schedule will set forth the anticipated times at which invitations to bid or requests for proposals are to be issued for work in each trade, the scope of such work, and the estimated contract value or range of values of such work or purchases. In formulating the Contract Schedule, Tenant will confer with BPCA to identify those portions of the work or purchases which can be divided into separate contract packages or which can be subcontracted, so as to

maximize opportunities for participation in the work by MBEs and WBEs. To the extent practicable, Tenant shall prepare separate contract packages for such work which shall be bid and let separately by Tenant or which shall be subcontracted separately by Tenant's Contractors, and shall not be bid or let as part of any other work. Tenant shall, at least ten (10) but not more than ninety (90) days prior to the issuance of an invitation or request to bid for each individual contract, furnish BPCA with written notice thereof.

(b) BPCA will review the Contract Schedule as promptly as practicable, and will provide to Tenant a list of eligible MBEs and WBEs for all or portions of the work. Tenant shall then promptly notify BPCA in writing that all MBEs and WBEs on such list have been contacted and of any business enterprise not on such list which claims to be an MBE or WBE and has expressed an interest in bidding on the work. As promptly as practicable after receipt of Tenant's notice, BPCA will advise Tenant in writing whether the business enterprises which have expressed an interest in the work, but were not included on the list of MBEs and WBEs furnished to Tenant by BPCA, are eligible MBEs or WBEs, provided that BPCA shall have no obligation to advise Tenant whether any business enterprise is an eligible MBE or WBE until a State Certification Determination has been made with respect to such business enterprise.

(c) Concurrently, BPCA and Tenant will review the eligible MBEs and WBEs to determine the extent to which such MBEs and WBEs are qualified and available to perform all or portions of the work identified in the contract packages. In general, an MBE or WBE will be deemed to be qualified to perform work if its personnel have successfully performed work of a similar nature in the past and demonstrate the present ability, after giving effect to the assistance which Tenant will provide under Section 7(e) below, to organize, supervise and perform work of the kind and quality contemplated for the Project. In determining whether an MBE or WBE meets these standards, BPCA and Tenant shall consider, experience in the trade, technical competence, organizational and supervisory ability and general management capacity. An MBE or WBE shall not be considered unqualified to

perform work on the Project (i) because such MBE or WBE (A) cannot obtain bonding or (B) cannot obtain commercial credit or cannot obtain such credit on normal terms or (ii) solely because such MBE or WBE (A) does not have the capacity to perform work of the nature and scope required without the assistance to be made available by Tenant under Section 7(e) below or (B) has not previously performed work equal in scope or magnitude to such work. In the event that BPCA and Tenant cannot agree on whether an eligible MBE or WBE is qualified and available hereunder, BPCA's determination on those issues shall be final and conclusive for the purposes of this Program, unless Tenant shall, within ten (10) days after written notice of such determination is given by BPCA, request that the matter be determined by arbitration pursuant to Section 7(f) below.

(d) Tenant shall invite all MBEs and WBEs found qualified and available hereunder (including those MBEs and WBEs on the list provided by BPCA pursuant to Section 7(b) above) to submit proposals for work required to be performed under Tenant's contract packages (including both contracts and Subcontracts). At least three (3) days prior to any award of any Contract by Tenant, Tenant shall notify BPCA in writing of all responses or bids in connection with Tenant's requests for proposals or invitations to bid.

(e) Tenant will provide financial assistance to an MBE or WBE to which a contract or Subcontract is to be awarded and which is unable to obtain credit or financing on normal terms by (i) guaranteeing payment to suppliers, subject to obtaining an appropriate security interest in the materials paid for, (ii) making progress payments for work performed more frequently than the normal one-month cycle (but no more often than bi-weekly), and (iii) paying for reasonable mobilization costs in advance of the commencement of construction, subject to obtaining an appropriate security interest in any materials or equipment paid for with such advances and mobilization costs. Tenant shall also waive bonds where MBEs and WBEs are unable to obtain the same, shall make available to MBEs and WBEs technical assistance to conform to the method of construction of the Project, shall (except for trades whose work is subject to controlled inspections or safety laws or

regulations) provide supervision consistent with the MBE's and WBE's experience and capacity and shall conduct periodic job meetings with each MBE and WBE at reasonable intervals to review the progress of such MBE's and WBE's job performance and suggest appropriate action to remedy any deficiency in such performance. Tenant shall offer to provide the foregoing assistance to MBEs and WBEs prior to their submission of bid proposals and, wherever practicable, at the time of Tenant's request for such proposals.

(f) Except as shall be otherwise provided for in Section 316 of the Executive Law, as to Contractors, in the event that Tenant shall demand arbitration as to the question of the qualifications or availability of any MBE or WBE pursuant to Section 7(c) above, the matter shall be determined in the County of New York by three arbitrators, one of whom shall be appointed by BPCA, one by Tenant and the third by agreement of the two arbitrators appointed by the parties (or failing such agreement, the third arbitrator shall be appointed by the American Arbitration Association), in accordance with the Commercial Arbitration Rules of the American Arbitration Association, provided that, anything to the contrary contained in such rules notwithstanding, (i) Tenant shall, together with such demand for arbitration, submit in writing to such arbitrators (when selected) and BPCA its reasons for its disagreement with BPCA's determination on such question, (ii) BPCA shall, within five (5) days after its receipt of such written statement from Tenant, submit to such arbitrators and Tenant the reasons for such challenged determination, and (iii) such arbitrators shall, after such hearing, if any, as they may deem appropriate, render their decision within ten (10) days after receipt of such written statement from BPCA. Such decision shall be conclusive and final for all purposes of this Program, provided that, anything to the contrary contained herein notwithstanding, any decision that an eligible MBE or WBE is or is not available or qualified to perform work on a particular Contract shall not preclude a later determination by Tenant, BPCA or the arbitrators to the contrary in light of changed or different circumstances. Tenant and BPCA shall each bear its own costs and attorneys' fees in

connection with such arbitration and shall share equally the costs of such arbitration (including the arbitrator's fees).

(g) Tenant shall maintain complete and accurate written records of (i) its efforts to identify and contract with MBEs and WBEs, (ii) the reasons, if applicable, for any determination by Tenant that an MBE or WBE is not qualified or available to perform work on the Project, (iii) the assistance offered or provided to MBEs and WBEs in accordance with Section 7(e) above, and (iv) the reasons, if applicable, why contracts or Subcontracts were not awarded to MBEs and WBEs found qualified hereunder. Tenant shall also maintain complete and accurate written records of all Contracts, including Approved MBE Contracts and Approved WBE Contracts, awarded on the Project, which records shall contain, without limitation, the dollar value of such awards and a description of the scope of the work awarded. Such records shall be furnished to BPCA at such times as BPCA may reasonably request.

(h) Prior to the issuance by Tenant of any letter of intent to a Contractor, Tenant shall provide to BPCA a written list of specific affirmative action measures which the Contractor has agreed to undertake in performing work on the Project, including a list of MBEs and WBEs to which Subcontracts are to be let.

(i) Tenant shall not enter into any Contract, nor permit its Contractors to enter into any Contract, unless Tenant has certified to BPCA in writing that such Contract has been awarded in accordance with the requirements of this Program and BPCA has approved, in writing, the award of such Contract. BPCA shall advise Tenant within five (5) business days of receipt of any such proposed Contract and Tenant's written certification whether or not BPCA has approved such Contract and shall, if such Contract has not been approved, advise Tenant of BPCA's reasons for disapproval. In the event that BPCA shall fail to advise Tenant within such five (5) business day period that a proposed Contract has been approved or disapproved hereunder, BPCA shall be deemed to have approved such Contract for purposes of this Section 7(i). After award of a Contract, Tenant shall not enter into, or

permit its Contractors to enter into, any modification or amendment of such Contract which will materially reduce the scope of work to be performed by an MBE or WBE or materially diminish the Contract Price of any Contract (including Subcontracts) awarded to an MBE or WBE without the prior written consent of BPCA, which will not be unreasonably withheld, conditioned or delayed. Each Contract entered into by Tenant shall (i) contain such non-discrimination provisions as are required by the Lease, (ii) require the Contractor thereunder to comply with the applicable Minority and Women Workforce Requirements of Section 3, and the procedures set forth in Section 4, of this Program and (iii) require such Contractor to comply with the applicable provisions of Sections 6 and 7 of this Program with respect to any Contracts awarded by such Contractor. Tenant shall promptly furnish BPCA with the name of each party to whom Tenant (or its Contractors) awards a Contract, together with, in the case of each Approved MBE Contract or Approved WBE Contract, a summary of the scope of services to be performed under such Contract and the Contract price thereof, as the same may be amended from time to time.

(j) Tenant shall, and shall cause its Contractors to, submit to BPCA within five (5) days after execution of any Approved MBE Contract or Approved WBE Contract or amendment thereto between Tenant or its Contractor and an MBE or WBE, a copy of such contract or amendment. Within thirty (30) days after substantial completion of work done pursuant to any such contract as amended, Tenant shall submit to BPCA sworn affidavits as described hereafter, for the purpose of determining Tenant's fulfillment of its obligations under Section 6 above. The affidavits required by this subsection shall consist of one affidavit of a duly authorized officer of Tenant or its Contractor, as the case may be, and one affidavit of a duly authorized officer of the MBE or WBE, as the case may be, attesting to the following information: (i) identifying the contract and describing the scope of services required thereunder; (ii) that the MBE or WBE is, or is believed to be by Tenant or its Contractor, a bona fide MBE or WBE as defined by the State of New York pursuant to Article 15A of the New York State Executive Law and any guidelines or regulations issued

thereunder; (iii) that the MBE or WBE actually performed the services described pursuant to clause 7(j)(i) above; (iv) the total compensation paid or received for the performance of the services described pursuant to clause 7(j)(i) above and whether such amount represents all sums due and owing and if not, the reason for any unpaid sums due and owing; (v) that such officer's statements pursuant to clauses 7(j)(i), (ii), (iii), and (iv) above are made with full knowledge that they will be used and relied upon by one or more public servants in the performance of their official duties; and (vi) that such officer is familiar with the provisions of Article 210 of the Penal Law relating to false sworn statements made to public officials in their official capacity. In the event Tenant is unable to obtain an affidavit from a duly authorized officer of the MBE or WBE, then BPCA may in its reasonable discretion accept canceled checks, and/or other documentation in lieu of such affidavit.

(k) Tenant shall at the execution of this Agreement and from time to time thereafter designate an affirmative action officer, satisfactory to BPCA, to represent Tenant in all matters relating to this Program and advise BPCA in writing of such designee. BPCA hereby approves William Shaw as Tenant's affirmative action officer.

(l) Tenant shall, within ninety (90) days after Substantial Completion of the Building, provide a statement to BPCA of Tenant's Total Development Costs, certified by Tenant and a Certified Public Accountant, listing in reasonable detail the components thereof. Within ninety (90) days after receipt of such statement, BPCA may cause a firm of independent Certified Public Accountants selected by BPCA to examine and audit the records, account books and other data of Tenant used as the basis for such certified statement, and be informed as to the same by a representative of Tenant, all of which Tenant shall make available to BPCA. If such audit shall establish that the Total Development Costs were understated, then the Total Development Costs shall be increased accordingly. The audit, if any, shall be conducted at the expense of BPCA unless it shall be established that Tenant understated the Total Development Costs by more than three and one-half percent (3 and 1/2%), in which case Tenant shall pay the reasonable cost of BPCA's audit. If

any items of Total Development Costs are not yet determined at the time of Substantial Completion of the Buildings (for example, costs of tenant improvements not yet completed or paid for), Tenant may make one or more supplemental submissions of such additional Total Development Cost items, and such items shall be subject to audit by BPCA as provided in this Section 7(1).

8. Subsequent Construction and Protect Management. (a) After the Construction Period, in connection with all subsequent construction work on the Project, including interior improvements, alterations, capital improvements, structural repairs, Restoration (as defined in the Lease) and replacement of, or additions to, the Project undertaken by Tenant (including its successors and permitted assigns), whether on its own behalf or on behalf of its subtenants or other occupants (collectively, "Subsequent Work"), Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, provide meaningful participation to qualified and available MBEs and WBEs which submit competitive proposals for such work. Additionally, Tenant shall provide meaningful participation in all service and management agreements, agreements for the purchase of goods and services and other agreements relating to the operation of the Project (collectively, "Operating Agreements") to MBEs and WBEs. Tenant and BPCA hereby agree that the annual goal for MBE and WBE participation in Subsequent Work and Operating Agreements is fifteen percent (15%) of the total contract prices thereof, inclusive of the contract value of any contract for which a waiver has been obtained, in compliance with applicable provision of the Executive Law. In order to achieve the goal established under this Section 8(a), Tenant shall, and shall use its commercially reasonable best efforts to cause its Contractors to, (i) conduct a thorough and diligent search for qualified MBEs and WBEs, (ii) review the qualifications of each MBE and WBE suggested to Tenant by BPCA and (iii) afford an opportunity to submit proposals for all Subsequent Work and Operating Agreements to those MBEs and WBEs found qualified. Prior to the end of the Construction Period, Tenant shall

meet with BPCA as reasonably required by BPCA to review the operation and status of this Program and develop a plan for meeting the MBE and WBE participation goals set forth above. Thereafter, Tenant shall meet with BPCA on a periodic basis as reasonably required by BPCA to review the operation and status of this Program and such plan and identify measures to be taken by Tenant to ensure that the MBE and WBE participation goals are met. In addition, BPCA may require Tenant to comply with procedures similar to those set forth in Section 7 above in the event that Tenant fails to meet the MBE and WBE participation goals. Tenant shall submit quarterly reports to BPCA setting forth the nature and scope of Subsequent Work carried out and Operating Agreements in effect during the preceding quarter, all efforts made by Tenant and its Contractors to employ qualified MBEs and WBEs to perform the Subsequent Work and participate in the Operating Agreements and all contracts let to MBEs and WBEs. The obligations under this Section 8(a) shall continue until BPCA finds that this Program is no longer necessary to give minority and women-owned business enterprises opportunity for meaningful participation on contracts in connection with the construction, operation and maintenance of the Project.

(b) In connection with Subsequent Work and the management and operation of the Project, Tenant (including its successors and permitted assigns) shall, and shall require such persons as it may employ or contract with to manage and operate the Project (collectively, the "Operator"), to:

(i) make good faith efforts to include Minority group members and women in such work in at least the proportion that Minorities and women are available for such work in the New York City workforce;

(ii) in the event of lay-offs, make good faith efforts to maintain the same proportion of Minority and women employees in Tenant's (or Operator's, as the case may be) workforce as existed immediately prior to commencement of such lay-offs; and

(iii) meet with BPCA on a periodic basis as reasonably required by BPCA to review Tenant's and Operator's compliance with this Section 8(b) and to determine specific

opportunities where Minority and women workforce participation in Subsequent Work and management and operation of the Project might be encouraged.

9. On-the-Job Training. Tenant shall cause its construction manager for the Project to conduct an on-the-job training program for individuals seeking career opportunities in the construction business. The program shall seek to recruit qualifiable minority, women and local community residents for entry level management positions in the construction business. The program will have a duration of at least eighteen months, during which interns shall receive on-the-job training in the following disciplines: (1) monitoring trade contractors' mobilization and performance; (2) coordinating the Project field force; (3) scheduling contractors' daily workforces; and (4) coordinating materials and equipment.

10. Minority and Women Business Enterprise Workshops. Tenant shall cause its Construction manager for the Project, in cooperation with BPCA, to schedule a series of workshops in an attempt to maximize MBE and WBE participation in the construction of the Project. The primary objective of such workshops is to schedule pre-bid meetings and provide assistance to MBEs and WBEs interested in bidding in their respective trades and to stimulate potential joint ventures, subcontracts and supply and vendor opportunities. The workshops shall include the use of private and public sector business resources to provide construction-related and office assistance to MBEs and WBEs in the following categories: (1) contract procurement; (2) technical matters; (3) estimating; (4) payment requisition preparation; (5) personnel evaluation; (6) computer technology; and (6) new business opportunities.

11. Non-Compliance.

(a) Tenant acknowledges that the percentages of Minority and women Workforce Participation set forth in Section 3(a) above represent reasonable estimates of

Tenant's ability to provide meaningful participation to Minority and women workers and MBEs and WBEs, respectively, during the Construction Period. Tenant recognizes and acknowledges that the purpose of this Program and of Tenant's and BPCA's undertakings hereunder is to fulfill BPCA's and Tenant's statutory obligations in connection with the construction, management and operation of the Project by affording Minority and women workers and MBEs and WBEs an opportunity to participate in the Construction of, and Contracts for, the Project, to the end that such Minority and women workers and MBEs and WBEs can share in economic benefits and also can gain necessary training, experience and other benefits, including increased financial resources, which will facilitate their full participation in the construction industry and management and operation of projects hereafter. Tenant recognizes and acknowledges that its failure to achieve the goals set forth in Sections 3 and 6 above, or comply with the procedures set forth in Sections 4 and 7 above, with respect to the utilization of Minority and women workers and MBEs and WBEs in the Construction of, and Contracts for, the Project may result in damage to BPCA's affirmative action programs and policies, as well as to Minority and women workers and MBEs and WBEs who would be denied an opportunity to share in the economic benefits provided by the construction work and would be denied the training, experience and other benefits which participation in the Project would provide. Tenant further recognizes and acknowledges that such damage cannot be readily quantified, but that the amounts set forth below are reasonable in light of the magnitude of the harm which would result from non-compliance by it hereunder, other than to a de minimis extent, and that payments made for the purposes of the Minority Workers Training Fund and Women Workers Training Fund and the MBE Assistance Fund and WBE Assistance Fund, referred to in Section 11(e) below, are a reasonable means of compensating for that harm.

(b) In the case of Tenant's material default in achieving the goals set forth in Section 3 or 6 above, or in meeting the requirements set forth in Section 4 or 7 above, with respect to the utilization of Minority and women workers and MBEs and WBEs in the Construction of,

and Contracts for, the Project during the Construction Period (other than defaults resulting directly from any order of judicial authorities having jurisdiction over the Project or this Program), Tenant shall pay to BPCA compensatory damages, in addition to any other remedies available to BPCA under this Program, the Lease or in law or equity, in the following liquidated amounts:

(i) in the event that Tenant fails to employ, or use its commercially reasonable best efforts to cause its Contractors to employ, Minority and women workers in any trade group equal to the percentage set forth in Section 3(a) above, the product of (A) the aggregate number of person-hours of training and employment of Minority and women workers which would have resulted from achievement of the percentage set forth in such Schedule for such trade group less the sum of the actual Minority Workforce Participation and Women Workforce Participation achieved in the construction of the Project by Tenant or its Contractors in such trade group, multiplied by (B) twenty-five percent (25%) of the average hourly wage (including fringe benefits) paid to journey-level workers employed in such trade group in the Construction of the Project;

(ii) in the event that Tenant fails to employ, or use its commercially reasonable best efforts to cause its Contractors to employ, women workers equal to the percentage set forth in Section 3(a) above, the product of (A) the aggregate number of person-hours of training and employment of women workers which would have resulted from achievement of the percentage set forth in such Section less the sum of the actual Women Workforce Participation achieved in the construction of the Project by Tenant or its Contractors, multiplied by (B) twenty-five percent (25%) of the average hourly wage (including fringe benefits) paid to all journey-level workers employed in the Construction of the Project;

(iii) in the event that, at any time during the Construction Period, Tenant fails to enter into, or use its commercially reasonable best efforts to cause its Contractors to enter into, an Approved MBE Contract or Approved WBE Contract for work on the Project with any eligible MBE or WBE found to be qualified and available to perform such work for at the lowest price bid by other qualified and available contractors, in accordance with and subject to the provisions of Sections 5, 6 and 7 above, twenty-five percent (25%) of the Contract price at which such MBE or WBE was willing to perform such work, but in no event less than \$12,500 for each such Contract, provided that if such failure is either willful or a result of a pattern of continuing violation of Tenant's obligations hereunder after notice by BPCA to Tenant that BPCA believes such a pattern exists, then such damages shall equal fifty percent (50%) of such Contract price, but in no event less than \$25,000 for each such Contract;

(iv) in the event that Tenant fails to enter into, or use its commercially reasonable best efforts to its Contractors to enter into, Approved MBE Contracts and Approved WBE Contracts having an aggregate Contract Value at least equal to twenty-five percent (25%) of Total Development Costs as provided in Section 6(a) above ("Specified Amount"), twenty-five percent (25%) of the amount by which the Specified Amount exceeds the aggregate Contract Value of Approved MBE Contracts and Approved WBE Contracts actually entered into by Tenant and its Contractors, including the value of contracts for which waivers have been obtained in accordance with applicable Executive Law provisions, during the Construction Period, provided that if such failure is either willful or a result of a pattern of continuing violation of Tenant's obligations hereunder after notice by BPCA to Tenant that BPCA believes such a pattern exists, then such damages shall equal fifty percent

(50%) of the amount by which the Specified Amount exceeds the aggregate Contract Value;

(v) in the event that Tenant fails to enter into, or use its commercially reasonable best efforts to cause its Contractors to enter into, Approved MBE Contracts having an aggregate MBE Contract Value at least equal to twenty percent (20%) of Total Development Costs as provided in Section 6(a) above ("MBE Specified Amount"), twenty-five percent (25%) of the amount by which the MBE Specified Amount exceeds the aggregate MBE Contract Value of Approved MBE Contracts actually entered into by Tenant and its Contractors during the Construction Period, provided that if such failure is either willful or a result of a pattern of continuing violation of Tenant's obligations hereunder after notice by BPCA to Tenant that BPCA believes such a pattern exists, then such damages shall equal fifty percent (50%) of the amount by which the MBE Specified Amount exceeds the aggregate MBE Contract Value; and

(vi) in the event that Tenant fails to enter into, or use its commercially reasonable best efforts to cause its Contractors to enter into, Approved WBE Contracts having an aggregate WBE Contract Value at least equal to five percent (5%) of Total Development Costs as provided in Section 6(a) above ("WBE Specified Amount"), twenty-five percent (25%) of the amount by which the WBE Specified Amount exceeds the aggregate WBE Contract Value of Approved WBE Contracts actually entered into by Tenant and its Contractors during the Construction Period, provided that if such failure is either willful or a result of a pattern of continuing violation of Tenant's obligations after notice by BPCA to Tenant that BPCA believes such a pattern exists, then such damages shall equal fifty percent (50%) of the

amount by which the WBE Specified Amount exceeds the aggregate WBE Contract Value.

(c) Anything to the contrary contained herein notwithstanding, Tenant shall not be liable for damages under paragraph (b)(i) or (b)(ii) of this Section 9 if and to the extent that Tenant can demonstrate (i) that it has fully complied with each and every provision hereof including Section 4(h) above and (ii) that, notwithstanding such efforts, it was unable to employ qualified Minorities or women, as the case may be, in accordance with and subject to the requirements set forth in Sections 3 and 4 of this Program. In addition, Tenant shall not be liable for damages under paragraph (b)(iii), (b)(iv), (b)(v) or (b)(vi) of this Section 9 if and to the extent that Tenant can demonstrate (i) that, subject to de minimis exceptions, it has fully and diligently performed all of its obligations under this Program and diligently complied with each and every provision hereof and (ii) that, notwithstanding such efforts, it was unable to contract with additional, qualified MBEs or WBEs, as the case may be, in accordance with and subject to the requirements set forth in Sections 5, 6 and 7 of this Program.

(d) Anything to the contrary contained herein notwithstanding, (i) the aggregate damages payable by Tenant pursuant to paragraphs (b)(i) and (b)(ii) of this Section 11 shall in no event exceed five percent (5%) of Total Development Costs and (ii) the aggregate damages payable by Tenant pursuant to paragraphs (b)(iii) through (b)(vi) of this Section 11 shall in no event exceed seven and one-half percent (7 and 1/2%) of Total Development Costs. Tenant shall, in any event, be entitled to credit against any sums payable under paragraphs (b)(iv), (b)(v) and (b)(vi) of this Section 11 all payments made by Tenant pursuant to paragraph (b)(iii) of this Section 11.

(e) Payments made by Tenant under paragraph (b)(i) of this Section 11 shall be deposited in a Minority Workers Training Fund and payments made by Tenant under paragraph (b)(ii) of this Section 11 shall be deposited in a Women Workers Training Fund. The monies in such Funds shall be used by BPCA to provide job training and other

assistance to Minority and women workers, respectively, as BPCA shall determine to be useful in enabling such workers to overcome the effects of past discrimination and to participate more fully in the construction industry. Payments made by Tenant under paragraphs (b)(iii) through (b)(vi) of this Section 11 shall be deposited in either an MBE Assistance Fund or WBE Assistance Fund, depending upon whether such payments resulted from a failure to meet requirements regarding MBEs or WBEs. The monies in such Funds shall be used by BPCA to provide such financial, technical and other assistance to MBEs and WBEs, respectively, as BPCA shall determine to be useful in enabling MBEs and WBEs to overcome the effects of past discrimination and to participate more fully in the construction industry.

(f) In the event Tenant fails to fulfill any of its obligations hereunder, BPCA may, in addition to assessing damages as provided in Section 11(b) above, (i) advise Tenant that, except for completion of the Project, Tenant shall be ineligible to participate in any work at Battery Park City and (ii) apply to any court of competent jurisdiction for such declaratory and equitable relief as may be available to BPCA to secure the performance by Tenant of its obligations hereunder.

12. Confidentiality. BPCA acknowledges that the information to be furnished by Tenant hereunder concerning Tenant's Contracts and bidding procedures constitutes information which, if disclosed, could impair present or imminent Contract awards, is maintained for the regulation of Tenant's commercial enterprise and could, if disclosed, cause substantial injury to the competitive position of that enterprise. Accordingly, BPCA will, in accordance with and subject to applicable law, treat such information as confidential and use its best efforts to prevent the unauthorized disclosure thereof, except to the extent that (a) BPCA and Tenant shall agree is necessary in connection with the recruitment of qualified MBEs and WBEs to perform work on the Project, (b) BPCA may determine to use such information, without identifying such individual Contracts, as part of BPCA's overall

assessment of the effectiveness of this Program in overcoming the effects of discrimination in the construction industry or (c) is otherwise necessary in connection with the enforcement of this Program in accordance with the provisions hereof.

13. No BPCA Liability. No act of, nor failure to act by, BPCA hereunder shall create or result in any liability on the part of BPCA or any of its members, officers, employees or agents to Tenant or to any other party, or give rise to any claim by Tenant or any other party against BPCA or any of its members, officers, employees or agents, whether for delay, for damages or for any other reason, unless BPCA is found by a court of competent jurisdiction to have acted arbitrarily or in bad faith in acting or failing to act hereunder.

14. Performance under Lease. No requirement of this Program, nor the assumption or performance by Tenant of any obligation hereunder, shall excuse Tenant from the performance of any of its obligations under the Lease, nor constitute a defense to any claim by BPCA under the Lease, whether for default, rental, damages or otherwise.

15. Persons Bound. Except as may be required elsewhere in this Program, this Program and the Schedules hereto, including any amendments thereto, shall be binding upon and inure to the benefit of Tenant and its respective legal representatives, successors and permitted assigns, including without limitation, any cooperative corporation, condominium association or similar entity for the Buildings. Tenant shall require its immediate successors or assigns to confirm and agree in writing to all terms and conditions of this Program.

16. Additional Requirements. In the event that legislation is enacted or an executive order is issued which authorizes or directs BPCA to carry out additional affirmative action requirements or programs with respect to Minority or women workers or business

enterprises owned and operated by Minorities or women, BPCA reserves the right to take such measures as may be necessary or appropriate to implement such requirements or programs.

17. Notices and Addresses.

(a) Any notice or other communication (except as otherwise provided in Section 7(j) above) given by BPCA or Tenant to the other relating to this program shall be in writing and sent by postage prepaid, registered or certified mail, return receipt requested, addressed to the other at the address first set forth in the Lease to which this Exhibit is attached, or delivered personally to the other at such address, and such notice or other communication shall be deemed given three (3) days after the date of mailing or when so delivered:

If to BPCA, such notices shall be sent to the attention of Vice President, Community Relations/Affirmative Action and if to Tenant a copy shall be sent to the attention of William Shaw, HRH Construction Corp., 909 Third Avenue, New York, N.Y. 10022.

(b) Either BPCA or Tenant may at any time advise the other of a change in its address or designate a different person to whom notice shall be mailed by giving written notice to the other of such change or designation in the manner provided in this Section 15.

18. Separability and Invalidity. If any provision of this Program shall for any reason be held unenforceable or invalid, neither the enforceability nor the validity of any other provision of this Program shall be affected thereby. In the event that the Program is, in whole or in part, held to be unenforceable or invalid, then Tenant agrees to undertake a program of affirmative action, as directed by BPCA, which program shall not impose obligations on Tenant which are more onerous than those contained herein.

19. Approvals. All approvals and consents to be given by BPCA pursuant to this Program shall be in writing, and Tenant shall not be entitled to rely on any approval or consent which is not in writing.

20. Governing Law. This Program shall be construed and enforced in accordance with the laws of the State of New York.

FOOTNOTES

¹ Pursuant to Section 317 of the Executive Law, Section 1974d of the Public Authorities Law is to be construed as if subdivisions 5,6,7 & 8 of section 313 and section 316 of the Executive Law were fully set forth therein and are made applicable only to complaints of violations occurring on or after September 1,1988.

² N.Y. State Executive Law:

Section 313

5. Where it appears that a contractor cannot, after a good faith effort, comply with the minority and women-owned business enterprise participation requirements set forth in a particular state contract, a contractor may file a written application with the contracting agency requesting a partial or total waiver of such requirements setting forth the reasons for such contractor's inability to meet any or all of the participation requirements together with an explanation of the efforts undertaken by the contractor to obtain the required minority and women-owned business enterprise participation. In implementing the provisions of this section, the contracting agency shall consider the number and types of minority and women-owned business enterprises located in the region in which the state contract is to be performed, the total dollar value of the state contract, the scope of work to be performed and the project size and term. If, based on such considerations, the contracting agency determines there is not a reasonable availability of contractors on the list of certified business to furnish services for the project, it shall issue a waiver of compliance to the contractor. In making such determination, the contracting agency shall first consider the availability of other business enterprises located in the region and shall thereafter consider the financial ability of minority and women-owned businesses located outside the region in which the contract is to be performed to perform the state contract.

6. For purposes of determining a contractor's good faith effort to comply with the requirements of this section or to be entitled to a waiver therefrom the contracting agency shall consider:

(a) whether the contractor has advertised in general circulation media, trade association publications, and minority-focus and women-focus media and, in such event, (i) whether or not certified minority or women-owned businesses which have been solicited by the contractor exhibited interest in submitting proposals for a particular project by attending a pre-bid conference; and

(ii) whether certified businesses which have been solicited by the contractor have responded in a timely fashion to the contractor's solicitations for timely competitive bid quotations prior to the contracting agency's bid date; and

(b) whether there has been written notification to appropriate certified businesses that appear in the directory of certified businesses prepared pursuant to paragraph (f) of subdivision three of section three hundred eleven of this article; and

(c) whether the contractor can reasonably structure the amount of work to be performed under subcontracts in order to increase the likelihood of participation by certified businesses.

7. In the event that a contracting agency fails or refuses to issue a waiver to a contractor as requested within twenty days after having made application therefor pursuant to subdivision five of this section or if the contracting agency denies such application, in whole or in part, the contractor may file a complaint with the director pursuant to section three hundred sixteen of this article setting forth the facts and circumstances giving rise to the contractor's complaint together with a demand for relief. The contractor shall serve a copy of such complaint upon the contracting agency by personal service or by certified mail, return receipt requested. The contracting agency shall be afforded an opportunity to respond to such complaint in writing.

8. If, after the review of a contractor's minority and women owned business utilization plan or review of a periodic compliance report and after such contractor has been afforded an opportunity to respond to a notice of deficiency issued by the contracting agency in connection therewith, it appears that a contractor is failing or refusing to comply with the minority and women-owned business participation requirements as set forth in the state contract and where no waiver from such requirements has been granted, the contracting agency may file a written complaint with the director pursuant to section three hundred sixteen of this article setting forth the facts and circumstances giving rise to the contracting agency's complaint together with a demand for relief. The contracting agency shall serve a copy of such complaint upon the contractor by personal service or by certified mail, return receipt requested. The contractor shall be afforded an opportunity to respond to such complaint in writing..

Section 316 Enforcement

Upon receipt by the director of a complaint by a contracting agency that a contractor has violated the provisions of a state contract which have been included to comply with the provisions of this article or of a contractor that a contracting agency has violated such provisions or has failed or refused to issue a waiver where one has been applied for pursuant to subdivision five of section three hundred thirteen of this article or has denied such application, the director shall attempt to resolve the matter giving rise to such complaint. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the director shall refer the matter, within thirty days of the receipt of the complaint, to the American Arbitration Association for proceeding thereon. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the director his or her award regarding the alleged violation of the contract and recommendations regarding the imposition of sanctions, fines or penalties. The director shall either: (a) adopt the recommendation of the arbitrator; or (b) determine that no sanctions, fines or penalties should be imposed; or (c) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The director, within ten days of receipt of the arbitrator's award and recommendations, shall file a determination of such matter and shall cause a copy of such determination along with a copy of this article to be served upon the respondent by personal service or by certified mail return receipt requested. The award of the arbitrator shall be final and may only be vacated or modified as provided in article seventy-five of the civil practice law and rules upon an application made within the time provided by section seventy-five hundred eleven of the civil practice law and rules. The determination of the director as to the imposition of any fines, sanctions or penalties shall be reviewable pursuant to article seventy-eight of the civil practice law and rules.

EXHIBIT E

BATTERY PARK CITY
North Residential Neighborhood
AFFIRMATIVE FAIR MARKETING PROGRAM FOR SITE 21A

This Affirmative Fair Marketing program has been adopted by the Battery Park City Authority ("BPCA") in order to assure that Tribeca Landing L.L.C., a limited liability company organized under the laws of the State of New York ("Tenant"), its agents, successors and assigns, comply with its obligations to prevent discrimination on account of race, color, creed, sex or national origin in the rental, sale or other disposition of Tenant's residential and commercial units and related facilities (collectively, "Units") located on that portion of the Battery Park City North Residential Neighborhood Development designated as Site 21A and to permit BPCA to promote open, integrated housing and to afford individuals a range of housing or commercial facility choices regardless of race, color, creed, sex or national origin.

This Program is designed to implement BPCA's corporate policy of ensuring that all housing and commercial facilities at Battery Park City afford equal access, to and equal opportunity for, minority persons and families and single women and single parent households headed by women, and that occupancy reflects, to the maximum extent possible, the minority and gender demographic characteristics of the City of New York's population.

1. Definitions. As used in this Program, the following terms shall have the following respective meanings:

Building: As defined in the Lease.

Lease: The Agreement of Lease, of even date herewith, between BPCA and Tenant, as amended and supplemented from time to time.

Minority or Minorities: (a) Black persons having origins in any of the Black African racial groups not of Hispanic origin;

(b) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent, of either Indian or Hispanic culture or origin, regardless of race;

(c) Asian or Pacific Island persons having origins of any of the original peoples or the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands; and

(d) American Indian or Alaskan native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through memberships and participation in tribal associations or community identification.

2. Submission of Affirmative Fair Marketing Plan

Tenant shall submit to BPCA an affirmative fair marketing plan (the "Plan") at least one hundred twenty (120) days prior to undertaking any marketing activity. For the

purposes of this Program "marketing activity shall include any advertising and/or the solicitation of applications for the Units. No marketing activity shall take place until BPCA shall have approved in writing the Plan, such approval not to be unreasonably withheld, conditioned or delayed. The Plan shall specify all actions which Tenant proposes to take to attract Minorities and women who might not otherwise apply for the Units in the Building. The Plan shall include, inter alia, provisions for: (a) publicizing the availability of the Units to Minorities in Minority media and other Minority outlets; (b) publicizing the availability of the Units to women in women-oriented media and other outlets; (c) maintaining a nondiscriminatory hiring policy for marketing staff; (d) instructing all marketing staff and agents in writing and orally in the policies of non-discrimination for fair marketing; (e) displaying fair marketing posters approved by BPCA; (f) including in any printed materials used in the marketing of the Units an equal opportunity logo, slogan, or statement approved by BPCA; (g) prominently posting signs displaying the logo, slogans and statements referred to in (e) and (f) above at each of Tenant's sales or rental offices; and (h) listing all community groups and organizations and Minority and women's groups and organizations to be contacted by Tenant.

The Plan shall also include: (a) a description of the training to be given to Tenant's rental and/or sales staff; (b) evidence of nondiscriminatory hiring and recruiting policies for staff engaged in the rental or sale of the Units; (c) a

description of Tenant's selection and screening procedures for prospective renters or buyers; and (d) copies of Tenant's lease or sale agreements for the Units.

In addition, the Plan shall include information concerning the number of Units available, a description of the commercial units and related facilities available, the type of commercial and other uses sought for such units and facilities, the rental or sale range of the Units, the financial eligibility and other selection criteria to be employed by Tenant in the rental or sale of the Units, the anticipated occupancy results for Minorities and for single women and single parent households headed by women, and Tenant's commitment to make such changes to the Plan as may be reasonably required by BPCA to achieve the purposes thereof. In the event BPCA requires Tenant to make changes to the Plan, such changes shall not cause Tenant to incur more than ten thousand dollars (\$10,000) in additional expenditures in excess of the amount set forth in the Plan.

Tenant shall submit with the Plan an advertising and promotional budget for its outreach effort to Minorities and women, which budget shall also be subject to BPCA's prior written approval, which shall not be unreasonably withheld, conditioned or delayed.

3. Pre-Marketing Conference. At least ninety (90) days prior to undertaking any marketing activity, Tenant and BPCA shall meet to review the Plan and determine what modifications,

if any, of the Plan should be made to achieve the purposes thereof.

4. Marketing of Commercial Units. Prior to undertaking any marketing activity with respect to the commercial units and related facilities, Tenant shall request BPCA to submit the names of minority and women-owned business enterprises which may be interested in renting or purchasing such units and facilities, if any. Upon receipt of such submission, Tenant shall contact the minority and women-owned business enterprises set forth in such submission regarding the rental or sale of the commercial units and related facilities.

5. Reporting Requirements. Following the commencement of marketing activities and until eighty percent (80%) of the Units are rented or sold, Tenant shall submit, on a monthly basis, to BPCA: (a) one copy or script of all advertising regarding the Units, including newspaper, radio and television advertising and a photograph or copy of all rental or sale signs at the Building and each rental or sale office of Tenant; (b) one copy of all brochures and other printed material used in connection with the rental or sale of the Units; (c) evidence of outreach efforts to community groups and organizations; (d) evidence of affirmative action outreach to Minorities and women with respect to the Units; (e) evidence of instructions to employees with respect to Tenant's rental or sales staff; (f) one copy of each application list and waiting list of prospective renters or buyers; (g) one copy of each sign-in list maintained

at the Building and each rental or sales office of Tenant for prospective renters or buyers who are shown the Units; (i) any other information which documents Tenant's efforts to comply with the Plan; (j) a list of any Minority or women applicants who have been rejected and the basis for their rejection; and (k) any other documents, records and information relating to the marketing of the Units which BPCA may reasonably request (except that Tenant need not provide proprietary marketing studies and information utilized solely by Tenant in setting sale prices or rent levels for the Units).

Thereafter, whenever Tenant revises, amends, changes or corrects any document, record or information previously provided to BPCA, Tenant shall provide a copy of such revised, amended, changed or corrected version to BPCA.

6. Recordkeeping. Tenant shall maintain records which show the Minority group and gender characteristics of all applicants for, and occupants of, the Units. The date of each application shall be recorded and applications shall be retained for a period of two years. On or before the fifteenth day of each month beginning with the commencement of marketing activities and until ninety-five percent (95%) of the Units are rented or sold, Tenant shall submit to BPCA a report, on the form annexed hereto as Schedule I, summarizing the Minority group and gender characteristics of applicants and occupants, and an occupancy report on the Units. After eighty percent (80%) of the Units have been rented or sold, Tenant may, if it so chooses, provide

such information with respect to new occupants only. The classification of applicants and occupants by the required characteristics shall be made in accordance with estimates of Tenant's staff, which will make such estimates on the basis of their observations of the personal appearance, surname, speech pattern and other identifying characteristics of the applicants and occupants. Such observations shall be subject to and shall respect the applicants' and occupants' right of privacy. Tenant and its staff shall not be required to ask any applicant or occupant to identify his or her race, ethnicity or gender.

If the number of Minorities or woman applying for the Units does not meet the expectations of BPCA and Tenant, they will consider jointly the implementation of other measures designed to attract Minority and women applicants and occupants.

7. Monitoring. At BPCA's request and expense, Tenant shall allow BPCA to place a representative at Tenant's rental or sales office or offices to monitor compliance with the Plan, provided that such BPCA representatives shall not interfere with Tenant's sales and marketing activities. BPCA shall determine, in its discretion, when and whether it wishes to commence, discontinue or renew monitoring Tenant's activities under the Plan.

8. Non-Compliance. In the event that Tenant fails to comply with the Plan or with any of its other obligations hereunder, BPCA shall be entitled to take the following remedial action or actions, as BPCA shall deem appropriate, as its

exclusive remedies hereunder: (a) applying to any court of competent jurisdiction for such declaratory and equitable relief as may be available to BPCA to secure the specific performance by Tenant; (b) seeking to make Tenant ineligible to participate in any other aspect of, or work on, Battery Park City or any other BPCA project (except for completion of the Building and the exercise of its rights under the Lease); (c) requiring Tenant to take remedial action as such holding some or all of the units off the market until Tenant is in compliance; (d) hiring a consultant to assist with outreach efforts to Minorities and women whose services shall be paid for by Tenant; and (e) pursuing any other remedies available to BPCA under the Lease (except for declaring Tenant in default thereunder).

9. Rent Levels and/or Sale Prices. Nothing herein contained is intended to restrict or limit Tenant in setting rent levels and/or sale prices for the Units.

10. No BPCA Liability. No act of, or failure to act by, BPCA hereunder shall create or result in any liability on the part of BPCA or any of its members, officers, employees or agents to Tenant or to any other party, or give rise to any claim by Tenant or any other party against BPCA or any of its members, officers, employees or agents, whether for delay, for damages or for any other reason. The provisions of this Program shall be enforceable by BPCA and Tenant only, and are not intended to confer any right of enforcement or cause of action upon any other person, entity or association.

11. Performance under Lease. No requirement of this Program, or the assumption or performance by Tenant of any obligation hereunder, shall excuse Tenant from the performance of any of its obligations under the Lease, or constitute a defense to any claim by BPCA under the Lease, whether for default, rental, damages or otherwise.

12. Notices and Addresses. (a) Any notice or other communication given by BPCA or Tenant to the other relating to this Program shall be in writing and sent by postage prepaid, registered or certified mail, return receipt requested, addressed to the other at its address set forth below, or delivered personally to the other at such address, and such notice or other communication shall be deemed given three (3) days after the date of mailing or when so delivered:

If to BPCA to:

Battery Park City Authority
One World Financial Center
18th Floor
New York, NY 10281

Attention: Vice President for
Affirmative Action

If to Tenant, to:

Tribeca Landing L.L.C.
309 East 45th Street
New York, NY 10017
Attention: H. Henry Elghanayan

(b) BPCA or Tenant may at any time advise the other of a change in its address or designate a different person to whom notice shall be mailed by giving written notice to the other

party of such change or designation in the manner provided in this section 12.

13. Separability. If any provision of this Program shall for any reason be held unenforceable or invalid, neither the enforceability nor the validity of any other provision of this Program shall be affected thereby.

14. Governing law. This Program shall be construed and enforced in accordance with the laws of the State of New York.

Date: New York, New York
As of , 1997

ACCEPTED AND AGREED:

TRIBECA LANDING L.L.C
By: Rockrose Assets L.L.C

By: 

SCHEDULE I

BATTERY PARK CITY AUTHORITY
MONTHLY RENTAL OR SALES REPORT

PERIOD ENDING:

REPORT NO. _____

CHECK, IF APPLICABLE

[] Initial Report

[] Final Report

1. INTRODUCTION

Pursuant to each approved Plan for the rental or sale of housing or commercial units, this report shall be filed with BPCA on or before the fifteenth day of each month following rental or sale of the first unit and shall be submitted monthly until 95% of the units covered by the Plan are rented or sold.

2. PROJECT IDENTIFICATION

A. SITE: _____

B. NUMBER OF UNITS: _____

C. RENTAL OR SALE RANGE OF HOUSING UNITS

From: \$ _____ To: \$ _____

D. RENTAL/MANAGEMENT AGENCY

NAME: _____

ADDRESS: _____

3. ANTICIPATED HOUSING OCCUPANCY RESULTS FOR MINORITIES

(State in number of units the racial/ethnic mix anticipated as a result of the Plan)

[] White [] Black [] American Indian or
Alaskan Native

[] Hispanic [] Asian or Pacific Islander

4. ANTICIPATED HOUSING OCCUPANCY RESULTS FOR WOMEN [State in number of units the mix of single women and single percent households headed by women anticipated as a result of the Plan)

[] Single Women

[] Single Parent Households
Headed by Women

5. HOUSING RENTAL OR SALES ACTIVITIES (Entries must be made for all items and columns. Use "0" when necessary.) The approximations required throughout this report should be judged from personal appearance, surname, speech pattern and/or other identifying characteristics or information.

A. RENTALS OR SALES FOR REPORTING PERIOD

	<u>RENTALS</u>	<u>SALES</u>
WHITE.....		
BLACK.....		
AMERICAN INDIAN OR ALASKAN NATIVE.....		
HISPANIC.....		
ASIAN OR PACIFIC ISLANDERS.....		
TOTAL.....		
 SINGLE WOMEN.....		
SINGLE PARENT HOUSEHOLDS HEADED BY WOMEN.....		
OTHER.....		
TOTAL.....		

B. TOTAL NUMBER OF HOUSING UNITS CURRENTLY OCCUPIED
INCLUSIVE OF TOTALS INDICATED IN ITEM 5.A. ABOVE.

	<u>RENTALS</u>	<u>SALES</u>
WHITE.....		
BLACK.....		
AMERICAN INDIAN OR ALASKAN NATIVE.....		
HISPANIC.....		
ASIAN OR PACIFIC ISLANDERS.....		
TOTAL.....		

SINGLE WOMEN.....
 SINGLE PARENT HOUSEHOLDS
 HEADED BY WOMEN.....
 OTHER.....
 TOTAL.....

C. ESTIMATED PERCENTAGE RACIAL/ETHNIC MIX OF VISITORS TO RENTAL OR SALES OFFICE FOR REPORTING PERIOD

	<u>RENTALS</u>	<u>SALES</u>
WHITE.....		
BLACK.....		
AMERICAN INDIAN OR ALASKAN NATIVE.....		
HISPANIC.....		
ASIAN OR PACIFIC ISLANDERS.....		
TOTAL.....		
SINGLE WOMEN.....		
SINGLE PARENT HOUSEHOLDS HEADED BY WOMEN.....		
OTHER.....		
TOTAL.....		100%

D. ESTIMATED PERCENTAGE GENDER MIX OF VISITORS TO RENTAL OR SALES OFFICE FOR REPORTING PERIOD

	<u>RENTALS</u>	<u>SALES</u>
WOMEN.....		
MEN.....		
WOMEN AND MEN TOGETHER.....		
TOTAL.....		100%

6. INDEMNIFICATION OF NEW HOUSING TENANTS OR OWNER WHO ARE MINORITIES DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES	APARTMENT NUMBERS
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7. IDENTIFICATION OF NEW HOUSING TENANTS OR OWNERS WHO ARE SINGLE WOMEN OR SINGLE PARENT HEADS OF HOUSEHOLDS DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES

APARTMENT NUMBERS

8. COMMERCIAL UNITS (if any)

A. NUMBER OF UNITS: _____

B. RENTAL OR SALE RANGE OF UNITS

From: \$ _____ To: \$ _____

C. RENTAL OR SALE ACTIVITIES (Entries must be made for all items and columns. Use "0" when necessary)

1. RENTALS OR SALES FOR REPORTING PERIOD

RENTALS SALES

WHITE.....
BLACK.....
AMERICAN INDIAN OR
ALASKAN NATIVE.....
HISPANIC.....
ASIAN OR PACIFIC
ISLANDERS.....
TOTAL.....

2. TOTAL NUMBER OF UNITS CURRENTLY OCCUPIED INCLUSIVE OF TOTALS INDICATED IN ITEM C.1. ABOVE.

RENTALS SALES

WHITE.....
BLACK.....
AMERICAN INDIAN OR
ALASKAN NATIVE.....
HISPANIC.....
ASIAN OR PACIFIC
ISLANDERS.....
TOTAL.....

<u>RENTALS</u>	<u>SALES</u>
-----------------------	---------------------

SINGLE WOMEN.....
SINGLE PARENT HOUSEHOLDS
HEADED BY WOMEN.....
OTHER.....
TOTAL.....

3. IDENTIFICATION OF NEW MINORITY TENANTS OR OWNERS DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES

UNIT NUMBERS

4. IDENTIFICATION OF NEW TENANTS WHO ARE SINGLE WOMEN OR SINGLE PARENT HEADS OF HOUSEHOLDS DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES

UNIT NUMBERS

SIGNATURE OF PERSON SUBMITTING REPORT

NAME (Type or Print)

TITLE AND COMPANY: _____

DATE: _____

ADDRESS: _____

EXHIBIT "F"

GUARANTY OF COMPLETION

This GUARANTY OF COMPLETION made as of _____, 1997 by H. HENRY ELGHANAYAN, KAMRAN T. ELGHANAYAN and FREDERICK ELGHANAYAN (collectively, the "Guarantors" and each, a "Guarantor"), each having an office c/o Rockrose Development Corp., 309 East 45th Street, New York, New York 10017, for the benefit of BATTERY PARK CITY AUTHORITY ("Landlord"), 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.

W I T N E S S E T H:

WHEREAS, each of the Guarantors owns, directly or indirectly, a beneficial ownership interest in River Terrace LLC, a New York limited liability company ("Tenant") and the Guarantors collectively own, directly or indirectly, 100% of the beneficial ownership interests in Tenant;

WHEREAS, Landlord and Tenant, contemporaneously with the execution hereof, are executing a certain Agreement of Lease (the "Lease") dated the date hereof between Landlord, as landlord, and Tenant, as tenant, of certain premises known as Site 21A, North Neighborhood, Battery Park City, and as more particularly described in the Lease; and

WHEREAS, pursuant to Section 11.03(f) of the Lease, Guarantors are obligated to deliver this Guaranty.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Landlord to enter into the Lease, the Guarantors hereby agree as follows:

1. The Guarantors hereby jointly and severally guaranty to Landlord the complete and punctual payment and performance by Tenant of all of Tenant's obligations under Article 11 of the Lease, including, without limitation, Tenant's obligation to commence construction of the Building, to prosecute construction of the Building and to cause the Building to be Substantially Completed and fully paid for, in each case, as, when, in accordance with, and subject to the terms and conditions of, Article 11 of the Lease (hereinafter, collectively, the "Guarantied Obligations").

2. This Guaranty is an absolute, present, primary, continuing, irrevocable, unlimited and unconditional guaranty by each of the Guarantors of the Guarantied Obligations.

Neither this Guaranty nor the obligations of the Guarantors hereunder are conditioned or contingent upon any effort or attempt to seek performance or payment from Tenant, any Mortgagee, or any other Guarantor, or upon any other condition or contingency. Landlord is not and shall not be required, before exercising any right or remedy against any Guarantor, to first attempt to exercise any right or remedy against or seek any redress from Tenant, any Mortgagee, any other Guarantor, or any other person, firm or corporation, or to first take any action whatsoever under or with respect to the Lease or the Premises or any collateral for the Guaranteed Obligations.

3. If at any time a Default occurs and is continuing which Default, upon the giving of notice or passage of time, or both, would become an Event of Default under Section 24.01(b) of the Lease or under Section 24.01(c) of the Lease (but in the latter case, only to the extent such Default pertains to an obligation arising under Article 11 of the Lease), Landlord may at its option, without waiver of such Default, and without release of Tenant, exercise one or more of the following rights: (a) by written notice to one or more of the Guarantors, require such Guarantor(s) to cure such Default within same grace period as is applicable to Tenant under Section 24.01 the Lease; and (b) if such Guarantor(s) shall fail to perform as required in (a) above, take action to commence or prosecute construction and/or Substantially Complete the Building and/or pay any costs thereof, and require any one or more of the Guarantors to reimburse Landlord for all costs and expenses incurred in so doing, including, without limitation, construction costs, bidding costs, reasonable attorneys', architects', engineers' and other professional fees and disbursements, and supervisory and inspection costs. In the event Landlord takes action to commence or prosecute construction and/or Substantially Complete the Building and/or pay any costs thereof as aforesaid, and requires the Guarantors to reimburse Landlord for the cost thereof, Landlord may, from time to time but not more frequently than monthly, present written statements to the Guarantors, setting forth in reasonable detail the costs incurred by Landlord since the submission of the previous statement, which statement shall be accompanied by documentation supporting the same. The Guarantors shall reimburse such costs within ten (10) days after receipt of each such statement; and if the Guarantors shall fail so to reimburse Landlord within such ten (10)-day period, they shall also pay interest to Landlord on any unpaid amount at the Involuntary Rate from the date of receipt of such statement. Such interest shall be payable upon demand.

4. The obligations and liabilities of each Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified or otherwise affected by: (a) any amendment or modification of or addition or supplement to the Lease; (b) any modification, compromise, settlement, adjustment, waiver or extension of the obligations or liabilities of Tenant under the Lease or of any other Guarantor under this Guaranty; (c) any waiver, consent, indulgence, forbearance, lack of diligence, action or inaction on the part of Landlord in enforcing the obligations of Tenant or any of the Guarantors or other parties in connection with the Lease or this Guaranty or in realizing on any collateral for any obligation of Tenant under the Lease; (d) any default by Tenant under the Lease or of any other Guarantor hereunder; (e) any bankruptcy,

insolvency, reorganization, arrangement, readjustment, composition, liquidation, rehabilitation or other proceeding for the relief, liquidation or rehabilitation of debtors (each of which is referred to herein as an "Insolvency Proceeding" regardless of whether the insolvency of the subject of such proceeding is a prerequisite to the commencement thereof) involving or affecting Tenant or any other Guarantor; (f) any limitation on or release, impairment, abatement, deferral, diminution, modification or discharge of the obligations or liabilities of Tenant or any other Guarantor in or as a result of an Insolvency Proceeding; (g) any stay or other provision of law or court order in an Insolvency Proceeding delaying, limiting or prohibiting performance or enforcement of any obligation of Tenant or any other Guarantor; (h) any claim, counterclaim, cause of action, offset, recoupment or other right or remedy which Tenant or any other Guarantor may at any time have against Landlord; (i) any assignment, conveyance, extinguishment, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or any part of the interest of Tenant in the Lease or the Premises, or any Transfer; (j) any amendment, modification or waiver of or with respect to the Construction Documents; and any action taken or omitted to be taken by or on behalf of Landlord in accordance with the Lease and in respect of the Premises, whether or not the Guarantors shall have notice or knowledge thereof. Anything to the contrary set forth in clauses (a) or (b) of the foregoing sentence notwithstanding, the Guaranteed Obligations shall be modified, waived or extended to the extent, if any, that Tenant's obligations under Article 11 of the Lease have been so modified, waived or extended.

5. The obligations and liabilities of each Guarantor hereunder are independent of the obligations and liabilities of Tenant and all other Guarantors. Each Guarantor may be joined in any action, suit or proceeding in respect of the Guaranteed Obligations or otherwise to enforce Landlord's rights hereunder commenced by Landlord against Tenant or another Guarantor, or may be sued in a separate action, suit or proceeding. Recovery may be had against the Guarantors or any of them in such an action, suit or proceeding without any requirement that Landlord previously or simultaneously assert, prosecute or exhaust any right, power or remedy against Tenant or any other Guarantor or any other party or with respect to the Lease or the Premises or any collateral for the Guaranteed Obligations. In any action, suit or proceeding commenced by Landlord against Tenant or one or more of the Guarantors, dismissal from such action, suit or proceeding with respect to, or judgment on any ground in favor of, any Guarantor, or any finding of unenforceability or invalidity of the Guaranteed Obligations as against Tenant shall not impair, abate, defer, diminish, modify or otherwise affect the obligations and liabilities of any Guarantor, as set forth in this Guaranty, with respect to whom there has been no such dismissal, discontinuance, judgment or finding.

6. The Guarantors shall reimburse Landlord, from time to time within 15 days after written demand by Landlord, for all costs and expenses (including reasonable attorneys' fees) incurred by or on behalf of Landlord in enforcing the obligations and liabilities of the Guarantors or any of them hereunder. Any sums not paid when due under this paragraph 6 shall bear interest at the Involuntary Rate from the date of demand by Landlord until paid.

7. Each Guarantor absolutely and unconditionally waives all notices and consents, except to the extent such notices and consents may be expressly required herein, which may otherwise be necessary, whether by statute, rule of law or other wise, to charge such Guarantor or to preserve Landlord's rights and remedies against such Guarantor hereunder, including but not limited to: (a) notice of any of the matters referred to in paragraph 4 hereof; (b) presentment or demand for payment or performance by Tenant or Guarantors; and (c) protest for nonpayment or nonperformance.

8. (a) No waiver by Landlord of any Default under Article 11 of the Lease or any Event of Default described in Section 24.01(b) or 24.01(c) of the Lease or of any default, breach or violation of any of the obligations of any Guarantor shall be considered a waiver of any other or subsequent Default or Event of Default under the Lease or any default hereunder, and no delay or omission by Landlord in enforcing the rights, exercising the powers, or pursuing the remedies granted in the Lease or herein shall be construed as a waiver of such rights, powers or remedies; no enforcement of any right, exercise of any power, or pursuit of any remedy by Landlord shall be held to exhaust such right, power or remedy, and every such right may be enforced, every such power may be exercised, and every such remedy may be pursued from time to time.

(b) None of the rights, powers and remedies of or for the benefit of Landlord provided in this Guaranty is exclusive of, and all are in addition to, any and all other rights, powers and remedies now or hereafter existing under this Guaranty and the Lease, at law or in equity. Landlord, in addition to the rights, powers and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist under the Lease, at law or in equity for the enforcement of the obligations and liabilities of Tenant and the Guarantors. The resort by Landlord to any right, power or remedy provided in this Guaranty or the Lease at law or in equity, shall not prevent the concurrent or subsequent employment of any right, power or remedy provided in this Guaranty or the Lease, at law or in equity.

9. By accepting this Guaranty, Landlord agrees that if the Guarantors or any Guarantor shall fully and punctually perform the Guaranteed Obligations in accordance with paragraph 3(a) hereof, then any Default of Tenant in respect of the Guaranteed Obligations shall be deemed cured and Landlord shall not terminate the Lease by reason of such Default.

10. In any action or proceeding brought by Landlord against any Guarantor on this Guaranty, **EACH GUARANTOR SHALL AND DOES HEREBY WAIVE TRIAL BY JURY**, and each Guarantor agrees that the Supreme Court of the State of New York for the County of New York, or, if a basis for federal jurisdiction exists, the United States District Court for the Southern District of New York shall have jurisdiction of any such action or proceeding.

11. In the event Landlord takes action to complete construction of the Building and requires the Guarantors to reimburse Landlord for the costs thereof, as provided in paragraph 3(b) hereof, Landlord may, prior to Substantial Completion, commence one or more actions to recover its costs to the date of such recovery and may, subsequent to Substantial Completion, commence additional actions to recover the balance of its costs.

12. So long as this Guaranty is in effect, Guarantors shall comply with the following covenants:

(a) Guarantors shall maintain an aggregate minimum net worth of \$10,000,000 and aggregate liquid assets having a market value in excess of \$3,000,000. "Liquid Assets" shall have the meaning given such term in the guaranty to be given by Rockrose Development Corp. to Fleet Bank and, if not defined therein (or at any time that no such guaranty exists), shall mean cash, U.S. government securities and/or other freely and readily marketable securities of companies listed on a nationally recognized stock exchange.

(b) On January 1st and July 1st of each year, the Guarantors shall, individually or collectively, submit to Landlord a certificate stating that Guarantors are in compliance with the covenants set forth in Paragraph 12(b), together with proof of such compliance reasonably satisfactory to Landlord.

(c) Within 180 days after the end of each calendar year, each Guarantor shall submit to Landlord a certified financial statement and contingent liability statement, in form and substance reasonably satisfactory to Landlord.

13. In the event any provision of this Guaranty shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Guaranty shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

14. This Guaranty is effective upon the date hereof. Subject to the provisions of paragraph 15 below, this Guaranty, and all of the Guarantors' obligations hereunder, shall terminate upon (a) the Substantial Completion of the Building (lien free and in accordance with all of the other requirements of Article 11 of the Lease) and the payment in full therefor, by Tenant, the Guarantors or any Guarantor, or any Mortgagee, and (b) if any construction is undertaken or paid for by Landlord, the full reimbursement of Landlord by the Guarantors or any Guarantor, as provided in paragraph 3(b) hereof; provided, however, that this Guaranty shall not terminate so long as any sums payable under paragraph 6 hereof remain unpaid. By accepting this Guaranty, Landlord agrees that after the termination of this Guaranty, Landlord shall, at the request of any Guarantor, confirm once in writing to such Guarantor that this Guaranty, and all of the Guarantors' obligations hereunder have terminated, subject to the provisions of paragraph 15 hereof.

15. The Guarantors agree that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment is made by Tenant or any Guarantor to Landlord and such payment is rescinded or must otherwise be returned by Landlord upon insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, receivership, conservatorship, winding up or other similar proceeding involving or affecting Tenant or any Guarantor, all as though such payment had not been made.

16. Unless otherwise specifically defined in this Guaranty, all initially capitalized terms used in this Guaranty shall have the respective meanings ascribed to them in the Lease.

17. All notices, demands and other communications which any party desires to give hereunder shall be given in the manner set forth in the Lease for the giving of notices, to the parties hereunder at their respective addresses set forth above, or to such other addresses as the parties may specify by like notice.

18. This Guaranty shall inure to the benefit of Landlord and its successors and assigns and shall be binding upon the successors, assigns, heirs, executors, administrators and personal representatives of the Guarantors.

19. This Guaranty is made in the State of New York and shall be governed, construed and interpreted as to validity, enforcement and in all other respects, in accordance with the internal laws of said State.

20. The Guarantors shall be jointly and severally liable for all obligations and liabilities of the Guarantors arising under this Guaranty.

IN WITNESS WHEREOF, the Guarantors have executed this Guaranty as of this day of _____, 1997.

H. HENRY ELGHANAYAN

KAMRAN T. ELGHANAYAN

FREDERICK ELGHANAYAN

Acknowledgments

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ of ____, 1997, before me personally came H. Henry Elghanayan, to me known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ of ____, 1997, before me personally came Kamran T. Elghanayan, to me known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ of ____, 1997, before me personally came Frederick Elghanayan, to me known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same.

Notary Public

MEMORANDUM OF LEASE

Pursuant to Section 291-c of the
New York State Real Property Law

THIS MEMORANDUM OF LEASE, executed June 30, 1997, between
BATTERY PARK CITY AUTHORITY ("Landlord"), 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 LANDING L.L.C.** ("Tenant"), a
New York limited liability company having an office at c/o Rockrose Development Corp., 309
East 45th Street, New York, New York 10017.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to a Lease of even date herewith
(the "Lease"), pursuant to which Landlord leased to Tenant, and Tenant hired from Landlord,
certain land, together with improvements to be constructed thereon, described on Schedule A
annexed hereto and made a part hereof (the "Premises") in the Borough of Manhattan, City,
County and State of New York.

WHEREAS, in accordance with Section 291-c of the New York State Real
Property Law and Article 39 of the Lease, the parties desire to record a memorandum
summarizing certain (but not all) of the terms, provisions, covenants and conditions set forth in
the Lease.

NOW, THEREFORE, Landlord and Tenant declare as follows:

1. The Lease provides that the term thereof (a) shall commence on _____, 1997 (the "Commencement Date") and (b) shall expire on June 17, 2069, or on such earlier date upon which the term of the Lease shall expire or be canceled or terminated pursuant to any of the conditions or covenants of the Lease or pursuant to law.

2. The Lease does not contain any option or right on the part of either party to extend the term.


3. The Lease does not contain any option or right on the part of Tenant to purchase all or any part of the Premises.

4. This Memorandum shall not be construed to vary, modify, or interpret the Lease or any of the terms, provisions, covenants or condition thereof.

[SPACE INTENTIONALLY LEFT BLANK]

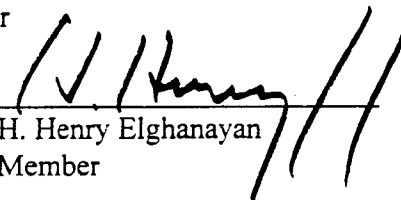
IN WITNESS WHEREOF, this Memorandum of Lease has been duly executed as of the date first above written.

BATTERY PARK CITY AUTHORITY

By: 
Name: _____
Title: Tec VP

TRIBECA LANDING L.L.C.

By: **ROCKROSE ASSETS (WC) LLC**
Member

By: 
H. Henry Elghanayan
Member

ACKNOWLEDGMENTS

COUNTY OF NEW YORK)
: ss.:
STATE OF NEW YORK)

On the 30th day of June, 1997, before me personally came Alexandra Altman to me known, who, being by me duly sworn, did depose and say that (s)he resides at 115 W. 86th Street, NY, NY; that (s)he is a Exec. V.P. of BATTERY PARK CITY AUTHORITY, the corporation described in and which executed the foregoing instrument; and that (s)he signed his/her name thereto by order of the board of directors of said corporation.

Lori M. Swedlow
Notary Public
LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

COUNTY OF NEW YORK)
: ss.:
STATE OF NEW YORK)

On the 30th day of June, 1997, before me personally came H. Henry Elghanayan, to me known, who, being by me duly sworn, did depose and say that he resides at 309 E 45th St New York, NY; that he is a Member of Rockrose Assets (WC) LLC, a limited liability company being a Member of TRIBECCA LANDING L.L.C, the limited liability company described in and which executed the foregoing instrument as the act and deed of, and on behalf of, said limited liability company.

Lori M. Swedlow
Notary Public
LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

**SCHEDULE A
PREMISES**

EXHIBIT A

DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being a part of Battery Park City North, and more particularly bounded and described as follows:-

COMMENCING at the intersection of the westerly line of West Street and the northerly line of Chambers Street;

1. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 191.94 feet to the westerly line of Marginal Street, Wharf or Place;
2. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 371.69 feet to the division line between Parcel 21A on the west, and Parcel 21B on the east, being the point of beginning;
3. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
4. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 83.93 feet to the southerly line of a Public Place;
5. thence northeasterly along said southerly line of a Public Place forming a deflection angle of 69 degrees 12 minutes 30 seconds to the right from the preceding course, north 71 degrees 05 minutes 23 seconds east, a distance of 106.97 feet to the division line of Parcel 21A on the west, and Parcel 21B on the east;
6. thence southerly along said division line forming a deflection angle of 110 degrees 47 minutes 30 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 121.90 feet to the point of beginning.

continued.....

EXHIBIT A
(continued - page two)

Subject to a 2 foot sidewalk easement described as follows:

1. Beginning at the intersection of the northerly line of Chambers Street, and the division line between Parcel 21A on the west and Parcel 21B on the east;
2. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
3. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 2.00 feet to a point;
4. thence easterly forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, and passing through Parcel 21A, south 88 degrees 07 minutes 07 seconds east, a distance of 100.00 feet to a point on the division line between Parcel 21A on the west and Parcel 21B on the east;
5. thence southerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 2.00 feet to the point of beginning.

AGREEMENT REGARDING LEASE AND ESCROW

AGREEMENT (this "**Agreement**") dated as of June³⁰, 1997 between BATTERY PARK CITY AUTHORITY, having an address at One World Financial Center, New York, New York 10281 ("**BPCA**") and TRIBECA LANDING L.L.C., a New York limited liability company having an address c/o Rockrose Development Corp., 309 East 45th Street, New York, New York 10017 ("**Tenant**").

R E C I T A L S:

A. Simultaneously with the execution and delivery hereof, BPCA and Tenant are (i) executing four copies of a lease with respect to site 21A ("**Site 21A**") in the North Neighborhood of Battery Park City (the "**Lease**") and certain other documents identified on Schedule 1 to Rider 1 hereto (collectively with the Lease, the "**Documents**") and (ii) delivering the Documents into escrow (the "**Escrow**") with Kaye, Scholer, Fierman, Hays & Handler, LLP ("**Escrowee**").

B. BPCA and Tenant have agreed that the issuance of the Governmental Approvals (as hereinafter defined) is a condition to the effectiveness of the Documents.

NOW, THEREFORE, for Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the parties hereto to execute the Lease, BPCA and Tenant agree as follows:

1. Definitions.

(a) All capitalized terms used and not defined herein shall have the respective meanings given such terms in the Lease.

(b) As used herein the following terms have the respective meanings indicated below:

(i) "**HFA**" means the New York State Housing Finance Agency.

(ii) "**PACB**" means the Public Authorities Control Board.

(iii) "**Project**" means the development of the Building as contemplated by the Lease and the financing thereof by tax-exempt bonds in the amount of approximately \$73,000,000 to be issued by HFA (the "**Bonds**").

(iv) "**HFA Commitment**" means a written commitment by HFA to Tenant or its affiliate to issue the Bonds.

(v) **“Governmental Approvals”** means the following:

- (A) The grant of authority by New York State to HFA to issue the Bonds;
- (B) Approval by the HFA board of the issuance of the Bonds;
- (C) Approval by PACB of (1) the Lease and (2) the issuance by HFA of the Bonds;
- (D) Allocation of New York State’s 1997 bond volume cap to the Project as evidenced by written notification thereof from the State of New York Division of the Budget to HFA;
- (E) The issuance of the HFA Commitment; and
- (F) Approval of the Lease by the members of BPCA.

(vi) **“Release Date”** means the date that is thirty (30) days after the first day on which all of the Governmental Approvals have been issued and Tenant has received a copy of the notification referred to in clause (D) of subsection 1(b)(v) above, a copy of the HFA Commitment and notice from BPCA that its members have approved the Lease (provided that if such 30th day is not a Business Day, then the Release Date shall be the first Business Day after such 30th day). The Release Date may be adjourned by Tenant as provided in Paragraph 6 below and, if so adjourned, the date to which the Release Date has been adjourned in accordance with Paragraph 6 shall be deemed to be the Release Date for all purposes of this Agreement (provided that if the date to which the Release Date has been adjourned is not a Business Day, then the Release Date shall be the first Business Day thereafter).

(vii) **“Schedule 1”** means Schedule 1 to Rider 1 to this Agreement.

2. Establishment of Escrow.

Simultaneously with the execution and delivery of this Agreement, BPCA and Tenant are executing and delivering to Escrowee all of the Documents. By executing this Agreement below, Escrowee agrees to hold, destroy and/or deliver the Documents in accordance with the provisions of Rider 1 hereto.

3. Efforts to Close Financing.

Following the issuance of the HFA Commitment, Tenant shall use all commercially reasonable efforts to close the financing contemplated under such commitment as soon as reasonably possible.

4. Notification of Issuance of Governmental Approvals.

Each party hereto shall, upon receiving notice that any of the Governmental Approvals has been issued, promptly notify the other party thereof.

5. Issuance of Governmental Approvals.

(a) Upon the issuance of all of the Governmental Approvals:

(i) either BPCA or Tenant shall be entitled to notify Escrowee of the Release Date and to direct Escrowee to complete and deliver the Documents in accordance with Schedule 2 of Rider 1 hereto (and each party hereto shall, at the request of the other, join in such direction);

(ii) Tenant shall, on the Release Date, deliver to BPCA the Design/Construction Period Letter of Credit in the amount of \$2,133,000 required under Section 11.12 of the Lease (the "Letter of Credit"). If Tenant fails to deliver the Letter of Credit to BPCA on the Release Date, BPCA may either (x) object to the delivery of the Documents from escrow and direct Escrowee to destroy the Documents or (y) direct Escrowee to release the Documents, in which case BPCA may pursue its rights and remedies against Tenant under the Lease in accordance with the provisions thereof.

(iii) On the Release Date:

(A) Tenant shall deliver to Royal Abstract of New York LLC (the "Title Company") a certified check payable to the applicable taxing authority in the amount of the tax shown to be due in the New York State Real Property Transfer Tax Return identified in item (4) of Schedule 1;

(B) BPCA and Tenant shall deliver to the Title Company (to the extent not so delivered by Escrowee) one copy (or such additional number as may be required to record the memorandum of lease identified in item (2) of Schedule 1) of each of the Documents delivered from escrow identified in items (1), (2), (3), (4), (5) and (6) of Schedule 1; and

(C) BPCA and Tenant shall deliver to the Title Company instructions to the Title Company to record the memorandum of lease and subordination, nondisturbance and attornment agreement delivered from escrow and identified in items (2) and (3) of Schedule 1.

(b) Notwithstanding anything to the contrary set forth in this Agreement, if the Governmental Approvals have not been issued on or before December 31, 1997, (i) either party hereto may instruct Escrowee (and, at the request of either party hereto the other party shall join in such direction) to destroy the Documents whereupon this Agreement

shall terminate and neither BPCA nor Tenant shall have any rights or obligations under this Agreement, the Lease or any document executed in connection herewith or in connection with the Lease (except that BPCA shall deliver to Rockrose Development Corporation ("Rockrose") the letter of credit in the amount of \$175,000 currently being held by BPCA and BPCA shall refund to Rockrose \$53,833.31 of the \$75,000 paid by Rockrose to BPCA pursuant to a letter agreement dated as of December 18, 1996), and (ii) Tenant shall have no further rights whatsoever with respect to Site 21A.

6. Adjournment of Release Date. Tenant shall have the right from time to time to adjourn the Release Date for a period of thirty (30) days. Each such adjournment shall be effective only if (i) Tenant gives written notice of such adjournment to BPCA and Escrowee at least three (3) Business Days prior to the then Release Date and (ii) simultaneously with the giving of such notice, Tenant pays to BPCA an extension fee of \$44,060. Such payment shall be either by certified check or wire transfer of funds to an account designated by BPCA. If by reason of the operation of the proviso at the end of the definition of "Release Date" an adjournment is for more than 30 days, the extension fee for such adjournment shall be increased proportionately. If after adjourning the Release Date pursuant to this Paragraph 6 Tenant desires to cause the Release Date to occur prior to the end of the period of adjournment, Tenant shall so notify BPCA and Escrowee, specifying the new Release Date, and, in such case, upon the occurrence of such new Release Date BPCA shall refund to Tenant (or give Tenant a credit against the first Rental payments under the Lease in an amount equal to) the portion of the extension fee allocable to the period of adjournment occurring after such new Release Date.

7. Title.

BPCA agrees not to create any lien or encumbrance on the Premises on or after the date hereof. If on the Release Date any lien or encumbrance exists which is not a Permitted Encumbrance, BPCA shall have the right but not the obligation to adjourn the Escrow Release Date for up to 60 days, or until the date of expiration of Tenant's financing commitment from Fleet Bank, whichever is sooner. If such lien or encumbrance is not removed by BPCA during such period, or if BPCA notifies Tenant that BPCA elects not to remove such title defect, then Tenant may terminate this Agreement (in which case the provisions of clauses (i) and (ii) of Paragraph 5(b) shall apply). Any title defect that a nationally recognized title insurance company is willing to omit or affirmatively insure over in a manner satisfactory to Fleet Bank shall be deemed a Permitted Encumbrance. Tenant shall notify BPCA in writing of any title defect on or prior to the issuance of the Bonds, or such title defect shall be deemed to be a "Permitted Encumbrance." In no event shall BPCA have any obligation to expend any sum or commence any proceeding to cure a title defect unless such defect was created by BPCA on or after the date hereof.

8. BPCA Member Approval.

Notwithstanding anything to the contrary contained in this Agreement, if the members of BPCA have not approved the Lease prior to July 31, 1997 or the expiration of

Tenant's financing commitment from Fleet Bank, whichever first occurs, Tenant may terminate this Agreement (in which case the provisions of clauses (i) and (ii) of Paragraph 5(b) shall apply) and BPCA shall refund to Tenant all extension fees, if any, theretofore paid by Tenant pursuant to Paragraph 5 above and all payments theretofore made by Tenant to BPCA to obtain and/or maintain its designation as developer of Site 21A.

9. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. Headings. Paragraph headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

11. Entire Agreement. This Agreement and, upon their release from Escrow, the Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof and shall supersede and take the place of any other instrument, document or letter purporting to be an agreement of the parties hereto with respect to the subject matter hereof.

12. Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

13. Assignment. Neither party hereto may assign this Agreement.

14. WAIVER OF JURY TRIAL. IN ANY ACTION OR PROCEEDING ARISING UNDER THIS AGREEMENT (INCLUDING RIDER 1 HERETO) OR ANY DOCUMENT, EACH PARTY HERETO AS AN INTEGRAL PART OF THIS AGREEMENT WAIVES TRIAL BY JURY IN SUCH ACTION OR PROCEEDING.

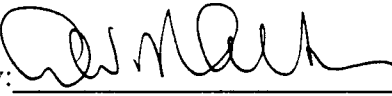
15. Notices.

Any notice which a party is required or may desire to give under this Agreement shall be given in accordance with Article 25 of the Lease, except that (i) hand delivery shall also be a permitted manner of delivery, (ii) any notice to Tenant shall also be sent by hand delivery to Larry Loeb, Esq., Kramer Levin Naftalis & Frankel, 919 Third Avenue, New York, NY 10022, Fax No.: (212) 715-9100, (iii) any notice to Landlord shall also be sent by hand delivery and by telephone facsimile to Kaye, Scholer, Fierman, Hays & Handler, LLP, 425 Park Avenue, New York, New York 10022, Attention: Susan B. Rahm, Esq., Fax No.: (212) 836-7156 and (iv) any notice to Escrowee shall be sent by hand delivery and by telephone facsimile to Kaye, Scholer, Fierman, Hays & Handler, LLP, 425 Park Avenue, New York, New York 10022, Attention: Susan B. Rahm, Esq., Fax No.: (212) 836-7156.

16. Existing Letter of Credit. BPCA agrees that it shall not draw on the letter of credit in the amount of \$175,000 currently being held by it unless and until the Lease has been delivered from escrow and one of the following has occurred: (i) Tenant has delivered the \$2,133,000 Design/Construction Period Letter of Credit, (ii) the Bonds have been issued or (iii) Tenant has taken possession of and commenced construction activity at the Premises.

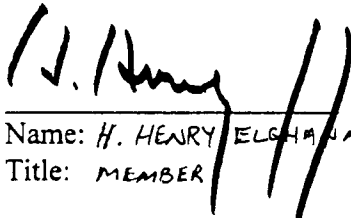
IN WITNESS WHEREOF, BPCA and Tenant have executed this Agreement as of the day and year first above written.

BATTERY PARK CITY AUTHORITY

By: 
Name:
Title: Exec VP

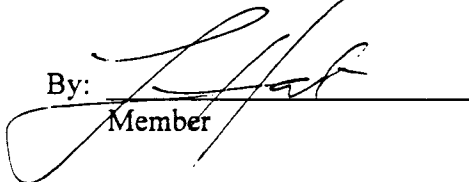
TRIBECA LANDING L.L.C.

By: **Rockrose Assets (WC) LLC**
Member

By: 
Name: H. HENRY ELGHAMAYAN
Title: MEMBER

ESCROWEE HEREBY AGREES
TO THE PROVISIONS OF
PARAGRAPHS 2 AND
9 THROUGH 15 ABOVE:

KAYE, SCHOLER, FIERMAN,
HAYS & HANDLER, LLP

By: 
Member

RIDER 1

ESCROW PROVISIONS

1. Establishment of Escrow. As contemplated by Paragraph 2 of the Agreement to which this Rider is attached (the "Principal Agreement"), BPCA and Tenant are delivering the Documents into escrow with Escrowee. Escrowee hereby acknowledges receipt of the Documents and agrees to hold, release and/or destroy the Documents in accordance with the terms hereof.

2. Release or Destruction of Documents.

2.1 Release Upon Request of BPCA or Tenant.

Subject to the provisions of Section 2.2 below, upon receipt by Escrowee of (x) a notice and direction from BPCA or Tenant notifying Escrowee of the Release Date and directing Escrowee to release the Documents on the Release Date pursuant to the instructions on Schedule 2 hereto or (y) a direction from BPCA or Tenant to destroy the Documents, Escrowee shall promptly send a copy of such request to whichever of BPCA or Tenant was not the requesting party (the "Other Party"). If Escrowee does not receive a written objection (an "Objection Notice") from the Other Party within seven (7) business days after Escrowee sends such request to the Other Party, Escrowee shall (A) in the case of a request pursuant to clause (y), comply with the request and (B) in the case of a request under clause (x), comply with such request on the Release Date (as the same may be adjourned pursuant to Paragraph 6 of the Principal Agreement). Escrowee shall have no obligation to comply with any request that instructs Escrowee to take an action other than that contemplated by clauses (x) and (y) above.

2.2 Destruction of Documents After December 31, 1997. Upon receipt by Escrowee, after December 31, 1997 but prior to Escrowee's receipt of a request in accordance with Section 3.1, of a written request from either party hereto requesting that the Documents be destroyed, Escrowee shall destroy the Documents.

2.3 Notification of Destruction. Escrowee shall promptly notify BPCA and Tenant of the destruction of the Documents pursuant to Section 2.1 or 2.2.

2.4 Termination of Escrowee's Obligations. Upon Escrowee's release or destruction of the Documents pursuant to Section 2.1 or destruction of the Documents pursuant to Section 2.2, Escrowee shall be relieved and discharged of all further obligations and responsibilities hereunder.

3. Escrowee.

3.1 General. Escrowee shall act as escrowee and hold and release or destroy the Documents pursuant to the terms and conditions of this Rider. Escrowee's duties under this Rider shall cease upon the release and delivery or destruction of the Documents in accordance with this Rider.

3.2 Limited Duties. Escrowee undertakes to perform only such duties as are expressly set forth in this Rider. The parties hereto acknowledge that Escrowee is acting solely as stakeholder at the request of BPCA and Tenant, and for their convenience, that Escrowee shall not be deemed to be the agent of BPCA or Tenant, and that Escrowee shall not be liable to BPCA or Tenant, except for Escrowee's gross negligence or willful misconduct. Escrowee shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper or document believed by Escrowee to be genuine, and Escrowee may assume that any person purporting to give it any notice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so. Escrowee shall have no duty to determine (and shall not be affected by any knowledge concerning) the validity, truthfulness, accuracy, authenticity or enforceability of any specification or certification made in any certificate, notice or request.

3.3 Action in Good Faith. Escrowee shall not be liable for any action omitted or taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by this Rider, and may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken, omitted or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

3.4 Resignation. Escrowee may resign and be discharged from its duties or obligations hereunder by giving notice of such resignation to each of BPCA and Tenant specifying a date upon which such resignation shall take effect, whereupon a successor Escrowee (which shall be a nationally recognized title insurance company or a law firm with 75 or more attorneys located in Manhattan), shall be appointed by BPCA by written notice to Tenant and Escrowee. Escrowee shall be entitled to deliver the Documents to any successor Escrowee so appointed.

3.5 Indemnification. BPCA and Tenant shall jointly and severally hold harmless and indemnify Escrowee from and against any and all costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and disbursements) resulting from or incurred in connection with any dispute arising under this Rider, except for its gross negligence or willful misconduct. With respect to the foregoing indemnity, reasonable attorneys' fees shall include, but not be limited to, the fair value of legal services, if any, rendered by Escrowee to itself.

3.6 Escrowee Acting as Depository Only. The parties hereto acknowledge that Escrowee acts hereunder as a depository only and is not responsible in any manner whatever for the sufficiency, correctness, genuineness or validity of any instrument delivered to it, or for the form of execution of such instrument or for the identity, authority or rights of any person executing or delivering the same or for the terms or conditions of any instrument pursuant to which the parties hereto may act.

3.7 Escrowee as Counsel. Nothing contained herein shall be deemed to preclude Escrowee from acting as counsel to BPCA or any of its affiliates in any capacity, including, without limitation, in any action or proceeding which may arise in connection with this Rider, the Principal Agreement or any of the Documents.

3.8 Disputes.

(a) Upon receipt by Escrowee of an Objection Notice pursuant to Section 3.1 or if any other disagreement or dispute shall arise among the parties hereto resulting in adverse claims or demands being made for or with respect to any or all of the Documents, whether or not litigation has been instituted, Escrowee shall refuse to comply with any claims or demands on it and continue to hold the Documents until Escrowee receives either (y) a notice signed by BPCA and Tenant directing the disposition of the Documents, or (z) a final, non-appealable order of a court of competent jurisdiction, entered in a proceeding in which all of the parties hereto are named as parties, directing the disposition of the Documents, in either of which events Escrowee shall then dispose of the Documents in accordance with said direction. Escrowee shall not be or become liable in any way to any person or entity for its refusal to comply with any such claims or demands until and unless it has received a direction of the nature described in clause (y) or clause (z) above. Upon the taking by the Escrowee of any of the actions described in the notice described in clause (y) above or the court order described in clause (z) above, Escrowee shall be released of and from all liability hereunder. Notwithstanding the foregoing provisions of this Section 3.8, if Escrowee shall receive a timely Objection Notice, or if any other dispute shall arise among the parties hereto resulting in adverse claims being made for any or all of the Documents, Escrowee shall have the following rights: (i) if Escrowee shall have received a notice signed by any party hereto advising that litigation between BPCA and Tenant over entitlement to any of the Documents has been commenced, Escrowee may, on notice to the other parties hereto, deposit the Documents with the clerk of the court in which such litigation is pending, or (ii) Escrowee may, on notice to the other parties hereto, deposit the Documents with a court of competent jurisdiction and commence an action for interpleader, the costs thereof to be borne 100% by Tenant and BPCA, jointly and severally (provided that as between BPCA and Tenant, liability for such costs shall be borne by the losing party). Upon the taking by Escrowee of either of the actions described in clause (i) or clause (ii) above, Escrowee shall be released of and from all liability hereunder except for any previous willful misconduct or gross negligence.

(b) In the event of any conflict between the provisions of this Section 3.8 and any other provisions of this Rider, the provisions of this Section 3.8 shall control.

4. Escrowee Not Affected by Other Agreements. Escrowee, in its capacity as such, shall not be bound by the provisions of any agreement between BPCA and Tenant other than this Rider and shall have no duty to inquire into, or to take into account its knowledge of, the terms and conditions of any other agreement made or entered into in connection with this Rider, including, but not limited to, the Documents or the Principal Agreement.

5. As Between BPCA and Tenant. The rights of BPCA or Tenant to give a direction, request or demand to Escrowee with respect to any or all of the Documents shall be governed by the Principal Agreement. Nothing contained in this Agreement shall, as between BPCA and Tenant, be construed to detract from or enlarge their respective rights under the Principal Agreement; provided, however, that Escrowee shall be under no duty or obligation to determine or to attempt to determine such rights.

6. Successors and Assigns. Except as otherwise specifically set forth herein, no party may assign any rights or delegate any of its duties under this Rider. This Rider shall be binding upon and inure to the benefit of the respective successors and assigns of BPCA and Tenant and to any successor Escrowee appointed in accordance with Section 3.4 hereof.

Schedule 1

Documents

1. Agreement of Lease
2. Memorandum of Lease
3. Subordination, Nondisturbance and Attornment Agreement
4. New York State Transfer Tax Return
5. New York City Transfer Tax Return
6. New York City non-multiple dwelling affidavit
7. Letter Agreement regarding MDAC.

Schedule 2

1. Escrowee shall date each of the Documents by inserting the Release Date (and, in the case of the Memorandum of Lease, the Commencement Date and, in the case of the Subordination, Nondisturbance and Attornment Agreement, the Lease date), as set forth in the notice pursuant to which Escrowee is releasing the Documents from Escrow.
2. Escrowee shall deliver two copies of each of the completed Documents to BPCA and two copies of each of the completed Documents to Tenant.
3. Escrowee shall deliver one copy (or such additional number of copies as the Title Company may require for recording purposes) of items (1), (2), (3), (4), (5) and (6) to the Title Company.

SUBORDINATION, NON-DISTURBANCE & ATTORNMENT AGREEMENT

AGREEMENT ("Agreement"), executed this 30th day of June, 1997, by and between BATTERY PARK CITY AUTHORITY, a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281 ("BPCA"), and TRIBECA LANDING L.L.C., a New York limited liability company having an office at c/o Rockrose Development Corp., 309 East 45th Street, New York, New York 10017 ("Tenant").

WITNESSETH

WHEREAS, BPCA is both the landlord and the tenant under that certain Lease dated as of November 24, 1969 between the City of New York as Landlord and BPCA as Tenant, restated in that certain Restated Amended Lease made as of June 10, 1980 (said lease, as it may have been or may be amended, modified, restated and/or supplemented is hereinafter referred to as the "Master Lease"), demising certain premises more particularly set forth therein (BPCA in its capacity as landlord under the Master Lease is hereinafter referred to as "Master Landlord"; BPCA in its capacity as tenant under the Master Lease is hereinafter referred to as "Landlord");

WHEREAS, Tenant has entered into a certain lease dated as of _____, 1997 with Landlord (the "Lease") demising to Tenant a certain portion of the premises demised under the Master Lease as more particularly set forth in Exhibit A hereto (the "Premises").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, Master Landlord and Tenant hereby covenant and agree as follows:

1. Subordination. The Lease and the leasehold estate created thereby is and shall be subject and subordinate to the Master Lease and the leasehold estate created thereby.
2. Non-Disturbance. If there occurs a termination of the Master Lease, then, upon such termination and provided that at the time of such termination of the Master Lease no default exists under the Lease which at such time would permit the landlord thereunder to terminate the Lease or to exercise any remedy for dispossession provided for therein, Master Landlord shall attorn to and recognize Tenant as the direct tenant of Master Landlord under the then executory terms and conditions of the Lease. The aforesaid attornment shall be effective and self-operative without execution of any further instruments upon such termination, but Master Landlord agrees to execute any instruments Tenant may reasonably request to evidence such attornment.
3. Attornment. If there occurs a termination of the Master Lease pursuant to the provisions thereof, then Tenant does hereby attorn to and recognize Master Landlord as the landlord under the Lease, said attornment to be upon the then executory terms of the Lease, but

subject to the provisions of Paragraph 2 above. The aforesaid attornment shall be effective and self-operative without execution of any further instruments upon such termination, but Tenant agrees to execute any instruments Master Landlord may reasonably request to evidence such attornment.

4. Consent. Master Landlord hereby consents to the execution and delivery of the Lease.

5. Modifications. Master Landlord shall not enter into or cause to be entered into any amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration, or Design Guidelines (as the foregoing terms are defined in the Lease), which (a) increases or materially adversely alters Tenant's obligations under the Lease, (b) decreases or materially adversely alters Tenant's rights under the Lease, (c) limits the permitted uses of the Premises thereunder or the Civic Facilities (as defined in the Lease), (d) limits Tenant's rights under the Lease to dispose of, or assign its interest in, the Premises thereunder or (e) decreases or alters the rights of a Mortgagee (as defined in the Lease) under the Lease, unless the same is consented to by Tenant (or, in the case of (e), by such Mortgagee) or is made subject and subordinate to the Lease and such rights of such Mortgagee. In the event Master Landlord shall enter into or cause to be entered into an amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration or Design Guidelines which is not in conformity with this Section 5, Tenant shall not be obligated to comply with the provisions of such amendment, modification or supplement which do not so conform and the same shall have no force or effect with respect to Tenant or any Mortgagee. Notwithstanding anything herein contained to the contrary, neither Tenant nor any Mortgagee shall have any right to approve any amendment, modification or supplement to the Master Lease, Master Development Plan, Settlement Agreement, Zoning Lot Declaration or Design Guidelines which does not affect the Premises or Tenant's rights or obligations under the Lease.

6. Master Lease. Master Landlord hereby confirms that the Master Lease is in full force and effect and that no notices of default have been delivered thereunder which remain uncured.

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

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Master Landlord and Tenant do hereby execute this Agreement as of the date and year first written above.

MASTER LANDLORD:

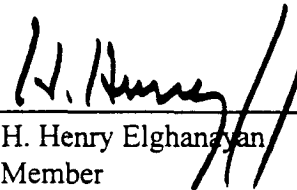
BATTERY PARK CITY AUTHORITY

By: 

TENANT:

TRIBECA LANDING L.L.C.

By: **ROCKROSE ASSETS (WC) LLC**
Member

By: 
H. Henry Elghanyan
Member

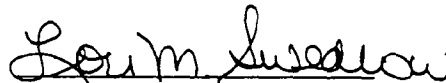
ACKNOWLEDGMENTS

COUNTY OF NEW YORK)

ss.:

STATE OF NEW YORK)

On the 30th day of June, 1997, before me personally came Alexandra Altman, to me known, who, being by me duly sworn, did depose and say that (s)he resides at 115 W. 86th Street N.Y. N.Y.; that (s)he is a executive V.P. of BATTERY PARK CITY AUTHORITY, the corporation described in and which executed the foregoing instrument; and that (s)he signed his/her name thereto by order of the board of directors of said corporation.


Notary Public

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

COUNTY OF NEW YORK)

ss.:

STATE OF NEW YORK)

On the 30th day of June, 1997, before me personally came H. Henry Elghanayan, to me known, who, being by me duly sworn, did depose and say that he resides at 309 E 45th Street N.Y. N.Y.; that he is a Member of Rockrose Assets (WC) LLC, a limited liability company being a Member of TRIBECA LANDING L.L.C, the limited liability company described in and which executed the foregoing instrument as the act and deed of, and on behalf of, said limited liability company.


Notary Public

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

EXHIBIT A

**AFFIDAVIT IN LIEU OF
REGISTRATION STATEMENT**

COUNTY OF NEW YORK)

STATE OF NEW YORK) SS.:

Alexandra Altman, being duly sworn, deposes and says:

1. I am personally familiar with the real property in the County, City and State of New York known as Block 16, part of Lot 3 and make this affidavit as general counsel of lessor in connection with a lease which transfers an interest in the above real property and is between BATTERY PARK CITY AUTHORITY, as lessor, and TRIBECA LANDING L.L.C, as lessee.
2. The statements made in this affidavit are true of my own knowledge and I submit this affidavit in order that this Instrument be accepted for recording without being accompanied by a registration statement, as such is defined by Article 41 of Title D of Chapter 26 of the Administrative Code of the City of New York.
3. Exemption from registration is claimed because the Instrument does not affect an entire multiple dwelling as such term is defined by Section D26-1.07(a)(7) of the Administrative Code of the City of New York and Section 4(7) of the Multiple Dwelling Law. The Instrument does not affect a dwelling which is or is to be occupied as the residence of three or more families because it affects the following (check applicable item):
 - () commercial building
 - () one or two-family dwelling
 - () condominium unit in a multiple dwelling
 - () cooperative corporation shares relating to a single residential unit in a multiple dwelling
 - () lease of commercial space in a multiple dwelling
 - () mineral gas, water, air or other similar rights not affecting a multiple dwelling
 - (X) vacant land
4. I am aware that this affidavit is required by law to be submitted in order that the Instrument be recorded or accepted for record without being accompanied by registration statements. I am aware that false statements made in this affidavit may be punishable as a felony or misdemeanor under Article 210 of the Penal Law or as an offence under Section 1151-9.0 of the Administrative Code of the State of New York.

Sworn to before me
this 30th day of June, 1997

Lori M. Swedlow
Notary Public

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997
1438598.NY

Alexandra Altman

Alexandra Altman
Address:

Telephone No.

EXHIBIT A

DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being a part of Battery Park City North, and more particularly bounded and described as follows:-

COMMENCING at the intersection of the westerly line of West Street and the northerly line of Chambers Street;

1. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 191.94 feet to the westerly line of Marginal Street, Wharf or Place;
2. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 371.69 feet to the division line between Parcel 21A on the west, and Parcel 21B on the east, being the point of beginning;
3. thence continuing westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
4. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 83.93 feet to the southerly line of a Public Place;
5. thence northeasterly along said southerly line of a Public Place forming a deflection angle of 69 degrees 12 minutes 30 seconds to the right from the preceding course, north 71 degrees 05 minutes 23 seconds east, a distance of 106.97 feet to the division line of Parcel 21A on the west, and Parcel 21B on the east;
6. thence southerly along said division line forming a deflection angle of 110 degrees 47 minutes 30 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 121.90 feet to the point of beginning.

continued.....

EXHIBIT A
(continued - page two)

Subject to a 2 foot sidewalk easement described as follows:

1. Beginning at the intersection of the northerly line of Chambers Street, and the division line between Parcel 21A on the west and Parcel 21B on the east;
2. thence westerly along the northerly line of Chambers Street, north 88 degrees 07 minutes 07 seconds west, a distance of 100.00 feet to the division line between a Public Park on the west, and Parcel 21A on the east;
3. thence northerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, north 01 degrees 52 minutes 53 seconds east, a distance of 2.00 feet to a point;
4. thence easterly forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, and passing through Parcel 21A, south 88 degrees 07 minutes 07 seconds east, a distance of 100.00 feet to a point on the division line between Parcel 21A on the west and Parcel 21B on the east;
5. thence southerly along said division line forming a deflection angle of 90 degrees 00 minutes 00 seconds to the right from the preceding course, south 01 degree 52 minutes 53 seconds west, a distance of 2.00 feet to the point of beginning.

Battery Park City Authority
One World Financial Center
New York, New York 10281

June 30, 1997

River Terrace L.L.C.
309 East 45th Street
New York, New York 10017

Re: Proposed Lease (the "Lease") between
Battery Park City Authority, as landlord,
and Tribeca Landing L.L.C., as tenant,
covering Site 21A at Battery Park City

Gentlemen:

This will confirm our agreement that, notwithstanding anything to the contrary contained in the Lease:

1. Landlord hereby approves Rockrose Construction (River Terrace - GC) LLC as your general contractor and HRH Construction Corp. as your construction manager in connection with the construction of the Building.¹
2. Landlord hereby acknowledges its receipt and approval of the Construction Documents; provided, however, that Landlord does not consent to any encroachment of the pile caps beyond the northerly boundary of the Premises and, provided further that, without limiting the provisions of Section 11.02(f) of the Lease, Tenant shall bear all risks as to the legality of any encroachment of the pile caps beyond the westerly boundary of the Premises.
3. Landlord hereby acknowledges receipt of samples of all materials to be used on the exterior of the Building and hereby advises that it has approved same and deems such samples to conform to the Design Guidelines, the Master Development Plan and the Construction Documents.
4. Tenant acknowledges that the approvals of Landlord set forth in this letter do not constitute, and shall not be construed as, any representation, warranty or other assurance

¹ All terms used but not defined herein that are defined in the Lease shall have the meanings herein that are ascribed to them in the Lease.

that Tenant has the right to construct or maintain any improvements that encroach beyond the boundary line of the Premises. Subject to the foregoing and the indemnity described below, Landlord acknowledges that it does not object to the encroachment resulting from the cantilever of the Building over the premises to the east of the Premises as shown in the Construction Documents. Landlord will, at Tenant's request, and at Tenant's sole cost and expense, cooperate in any effort by Tenant to obtain the consent of the tenant of such premises to such encroachment (, it being understood that Landlord, as the owner of such premises, hereby consents thereto subject to the rights of the tenant of such premises). Tenant represents that it has been diligently seeking and will continue to seek such tenant's consent. Landlord hereby expressly acknowledges that notwithstanding Section 11.04(ii) of the Lease, a survey which shows or notes such encroachment will satisfy the requirements of such Section and be acceptable to Landlord. Tenant agrees that the indemnification provisions set forth in Article 19 of the Lease shall apply to all matters pertaining to such encroachment and to any encroachments by Tenant's pile caps beyond any boundary line of the Premises.

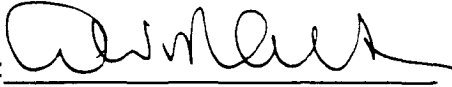
5. Landlord hereby confirms that it will apply to the first rents becoming due under the Lease the proceeds of the \$175,000 letter of credit (the "LC") that Rockrose Development Corporation ("RDC"), an affiliate of Tenant, delivered to Landlord pursuant to Landlord's letter to RDC (the "Letter") dated as of December 18, 1996 or, if the Lease never becomes effective, return the LC to Tenant. Insofar as the commitment for credit enhancement referred to in the Letter was obtained on May 8, 1997 Landlord will, in accordance with paragraph 3 of the Letter, apply \$53,833.31 of the amount referred to therein to the first rents becoming due under the Lease after application of the proceeds of the LC except that if the Lease never becomes effective, Landlord will, at Tenant's election, promptly pay such amount to Tenant or refund it to RDC.

6. This letter may be relied upon by all Mortgagees and the guarantors under the guaranty of completion annexed to the Lease.

Please execute this letter in the place provided below to evidence your agreement with paragraph 4 hereof. This letter is delivered to you to induce you to enter into and deliver the Lease.

Very truly yours,

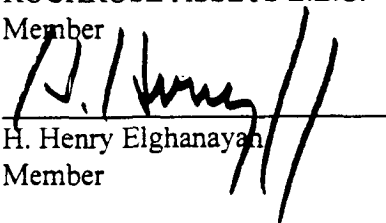
BATTERY PARK CITY AUTHORITY

By: 

AGREED TO:

TRIBECA LANDING L.L.C.

By: ROCKROSE ASSETS L.L.C.
Member

By: 
H. Henry Elghanayan
Member

BATTERY PARK CITY AUTHORITY

One World Financial Center
New York, New York 10281-1097

June 30, 1997

Tribeca Landing L.L.C.
c/o Rockrose Development Corp.
309 East 45th Street
New York, New York 10017

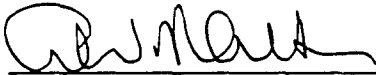
Re: Battery Park City - Site 21A
Lease Agreement executed on the date hereof

Ladies/Gentlemen:

You and the undersigned hereby agree that if, at the time the Lease is released from escrow, your title company raises either or both of the items listed on Annex 1 hereto, then at that time the item or items so excepted shall be added to Exhibit B to the Lease.

Very Truly Yours,

BATTERY PARK CITY AUTHORITY

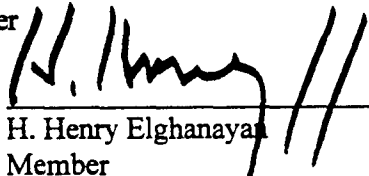
By: 

Its: Exec VP

Agreed and accepted to
as of the date above first written.

TRIBECA LANDING L.L.C.

By: Rockrose Assets (WC) L.L.C.
Member

By: 
H. Henry Elghanayan
Member

ANNEX 1

Agreement between BPC Development Corporation, Battery Park City Authority and the City of New York, dated as of April 23, 1982 and recorded October 27, 1982, in Reel 646 at page 700 in the Office of the City Registrar, New York County.

Mapping Agreement between the City of New York and Battery Park City Authority made as of October 3, 1991.

ROCKROSE

309 East 45th Street
New York, New York 10017
(212) 697-4422

TELECOPIER
(212) 849-6054
WRITER'S DIRECT NUMBER
(212) 964-1

June 30, 1997

Battery Park City Authority
One World Financial Center
New York, New York 10281

Attention: Alexandra Altman, Esq.
Carl Jaffe, Esq.

Re: Site 21A

Dear Sir or Madam:

In accordance with your request, we write to set forth our proposal respecting our employment of a "minority" employee in lieu of making a contribution to the Minority Development Assistance Corporation.

We propose to hire a minority employee (not currently in our employ) to work for us as a management intern. Candidates for the internship should have an undergraduate degree in architecture or a post-graduate degree in engineering, business administration, urban design or planning or a related field; some prior experience would be mandatory. We anticipate that the annual salary will be in the \$35,000 to \$45,000 range, depending on the candidate's qualifications. We will consult with the Authority prior to selecting and hiring any such employee.

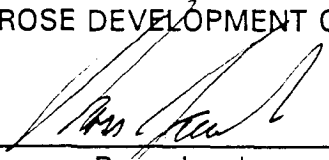
The intern program would remain in place for at least 30 months. We will either keep one person throughout the period, or alternatively will create a series of two or more internships for shorter periods. It is our hope that a minority employee hired in this program will become a permanent part of our staff. We of course, must reserve the right to discharge any such employee at any time for any reason but are prepared to commit to seek another qualified "minority" employee to replace the individual so discharged. Although we currently anticipate that the employee will be employed by the undersigned, we reserve the right to have one of our affiliates employ such person.

Battery Park City Authority
June 30, 1997
Page 2, continued

Please confirm your acceptance of this proposal by executing this letter in the space provided below.

Very truly yours,
ROCKROSE DEVELOPMENT CORP.

By: _____


Ross Jacobs
Vice President

Accepted and Agreed
BATTERY PARK CITY AUTHORITY

By: _____



BATTERY PARK CITY AUTHORITY
One World Financial Center
New York, New York 10281-1097

June 30, 1997

Tribeca Landing L.L.C.
c/o Rockrose Development Corp.
309 East 45th Street
New York, New York 10017

Re: Site 21A
Battery Park City


Gentlemen:

We refer to the lease for Site 21A being executed on the date hereof by you and us. All capitalized terms used and not defined herein shall have the respective meanings ascribed to them in such lease or the Agreement Regarding Lease and Escrow dated as of the date hereof.

We hereby agree, at our sole cost and expense, to remove the encroachment onto the Premises of the stairway situated on the west side of the highway on or before the Release Date, subject to Unavoidable Delays.

Very truly yours,

Battery Park City Authority

By: _____

**AFFIDAVIT IN LIEU OF
REGISTRATION STATEMENT**

COUNTY OF NEW YORK)

STATE OF NEW YORK) SS.:

Alexandra Altman, being duly sworn, deposes and says:

1. I am personally familiar with the real property in the County, City and State of New York known as Block 16, part of Lot 3 and make this affidavit as general counsel of lessor in connection with a lease which transfers an interest in the above real property and is between BATTERY PARK CITY AUTHORITY, as lessor, and TRIBECA LANDING L.L.C, as lessee.
2. The statements made in this affidavit are true of my own knowledge and I submit this affidavit in order that this Instrument be accepted for recording without being accompanied by a registration statement, as such is defined by Article 41 of Title D of Chapter 26 of the Administrative Code of the City of New York.
3. Exemption from registration is claimed because the Instrument does not affect an entire multiple dwelling as such term is defined by Section D26-1.07(a)(7) of the Administrative Code of the City of New York and Section 4(7) of the Multiple Dwelling Law. The Instrument does not affect a dwelling which is or is to be occupied as the residence of three or more families because it affects the following (check applicable item):
 - ☐ commercial building
 - ☐ one or two-family dwelling
 - ☐ condominium unit in a multiple dwelling
 - ☐ cooperative corporation shares relating to a single residential unit in a multiple dwelling
 - ☐ lease of commercial space in a multiple dwelling
 - ☐ mineral gas, water, air or other similar rights not affecting a multiple dwelling
 - ☒ vacant land
4. I am aware that this affidavit is required by law to be submitted in order that the Instrument be recorded or accepted for record without being accompanied by registration statements. I am aware that false statements made in this affidavit may be punishable as a felony or misdemeanor under Article 210 of the Penal Law or as an offence under Section 1151-9.0 of the Administrative Code of the State of New York.

Sworn to before me
this 30th day of June, 1997

Lori M. Swedlow
Notary Public

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997
1438598.NY

Alexandra Altman

Alexandra Altman
Address:

Telephone No.



NYC
RPT

NEW YORK CITY DEPARTMENT OF FINANCE
REAL PROPERTY TRANSFER TAX RETURN
(Form No. 1, Chapter 21, NYC Administrative Code)

This return, including all required schedules, must be accompanied by a check or cash with all necessary attachments before the reported transfer will be received. If you are reporting a transfer with a consideration of \$25,000 or less, no fee is due; however, you must complete Schedule 1 on page 2 and file a return. This return is applicable for all conveyances made on or after August 1, 1988. Pursuant to Subchapter J of Section 203 of the NYC Real Property Law, all RPT forms filed on or after July 1, 1991, must be accompanied by a \$25 fee. No forms will be accepted without the fee.

TYPE OR PRINT LEGIBLY

If the transfer involves more than one grantor or grantee or a partnership, the names, addresses and Social Security Numbers of Employer Identification Numbers of all grantors or grantees or partners must be provided on Schedule 1 on page 2.

FOR OFFICE USE ONLY

GRANTOR

1. Name
Battery Park City Authority

2. Grantor's address (number and street)
One World Financial Center

3. City and State
New York, N.Y.

4. Zip Code
10281

5. Employer Identification Number
13-2617144 OR Social Security Number

6. RETURN NUMBER

7. DEED SERIAL NUMBER

8. NYC REAL ESTATE TRANSFER TAX PAID

GRANTOR'S ATTORNEY

1. Name of Attorney
Kaye, Scholer, Fierman, Hays & Handler, LLP

2. Address (number and street)
425 Park Avenue

3. City and State
New York, N.Y.

4. Zip Code
10022

5. Employer Identification Number
OR Social Security Number

GRANTEE

1. Name
Tribeca Landing L.L.C.

2. Grantor's address (number and street)
c/o Rockrose Development Corp., 309 East 45th Street

3. City and State
New York, N.Y.

4. Zip Code
10017

5. Employer Identification Number
13-3944498 OR Social Security Number

GRANTEE'S ATTORNEY

1. Name of Attorney
Charles B. Katzenstein, Rockrose Development Corp.

2. Address (number and street)
309 East 45th Street

3. City and State
New York, N.Y.

4. Zip Code
10017

5. Employer Identification Number
13-2766269 OR Social Security Number

PROPERTY LOCATION

LIST EACH LOT SEPARATELY. ATTACH A RECD IF ADDITIONAL SPACE IS REQUIRED

Address (number and street)	Borough	Block	Lot	# of Floors	Square Feet	Assessed Value of Property
401 Chambers Street	Manhattan	16	Part of	0	10,291	\$1,100,000
			Lot 3			

9. DATE OF TRANSFER TO GRANTEE: 6/30/97

10. PERCENTAGE OF INTEREST TRANSFERRED: 100%

11. TYPE OF PROPERTY TRANSFERRED (✓)

1. 1-3 family house

2. Individual residential condominium unit

3. Individual cooperative apartment

4. Commercial condominium unit

5. Commercial cooperative

6. Apartment building

7. Office building

8. Industrial building

9. Utility

10. OTHER (describe): Land

12. TYPE OF INTEREST TRANSFERRED (✓)

a. Fee

b. Leasehold grant (attach copy of lease agreement and complete Schedule 1, page 2)

c. Leasehold assignment or surrender (attach copy of assignment or surrender and complete Schedule 1, page 2)

d. Easement

e. Development rights

f. Stock transfer

g. Partnership interest transfer

h. OTHER (describe):

● CONDITION OF TRANSFER

Check (✓) all of the conditions that apply and fill out the appropriate schedule on pages 4, 5, 6, 7 or 8 of this return. Additionally, Schedule 1 and either Schedule 2 or 3 must be completed for all transfers.

- a. ☒ ...Arms length transfer
- b. ☐ ...Transfer in exercise of option to purchase
- c. ☐ ...Transfer from cooperative sponsor to cooperative corporation
- d. ☐ ...Transfer by referee or receiver (complete Schedule A, page 4)
- e. ☐ ...Transfer pursuant to marital settlement agreement or divorce decree (complete Schedule 3, page 4 and attach a copy of agreement or divorce decree)
- f. ☐ ...Deed in lieu of foreclosure (complete Schedule C, page 4)
- g. ☐ ...Transfer pursuant to partial or complete liquidation of corporation, partnership or other entity (complete Schedule D, page 5)
- h. ☐ ...Transfer from principal to agent, dummy, strawman or conduit or vice-versa (complete Schedule E, page 6)
- i. ☐ ...Transfer pursuant to trust agreement or will (attach a copy of trust agreement or will)
- j. ☐ ...Gift transfer
- k. ☐ ...Gift transfer subject to indebtedness
- l. ☐ ...Transfer to a business entity in exchange for an interest in the business entity (complete Schedule F, page 6)

☐ A conveyance of real property subject to any indebtedness to any lender. The indebtedness is a secured obligation for the transfer. Complete Schedule 1, item 1.

- m. ☐ ...Transfer to a governmental body
- n. ☐ ...Correction deed
- o. ☐ ...Transfer by or to a tax exempt organization (complete Sched. page 7). Nonprofit organizations please refer to special note instructions for important information on exemption from Real Estate Tax and related charges.
- p. ☐ ...Transfer of property partly within and partly without NYC
- q. ☐ ...Transfer of controlling economic interest (complete Schedule page 7)
- r. ☐ ...Transfer of stock in a cooperative housing corporation
- s. ☐ ...Transfer of an interest in an entity formed for the purpose of cooperative ownership of real property (other than a cooperative housing corporation)
- t. ☐ ...Transfer of successful bid pursuant to foreclosure
- u. ☐ ...Transfer by borrower solely as security for a debt or a transfer lender solely to return such security
- v. ☐ ...Other transfer in connection with financing (describe): _____
- w. ☐ ...Other (describe): _____

SCHEDULE 1 - Details of consideration

COMPLETE THIS SCHEDULE FOR ALL TRANSFERS. ENTER "ZERO" ON LINE 11 IF THE TRANSFER REPORTED WAS WITHOUT CONSIDERATION.

1. Cash _____ ● 1.
2. Purchase money mortgage _____ ● 2.
3. Unpaid principal or pre-existing mortgage(s) _____ ● 3.
4. Accrued interest on pre-existing mortgage(s) _____ ● 4.
5. Accrued real estate taxes _____ ● 5.
6. Amounts of other liens on property _____ ● 6.
7. Value of shares of stock or of partnership interest received _____ ● 7.
8. Value of real or personal property received in exchange _____ ● 8.
9. Amount of Real Property Transfer Tax and/or other taxes or expenses of the grantor which are paid by the grantee _____ ● 9.
10. Other (describe): _____ ● 10.
11. TOTAL CONSIDERATION (add lines 1 through 10 - must equal amount entered on page 3, line 1 of Schedule 2 or 3) (see instructions) _____ ● 11.

Zero

* In the case of an initial or subsequent transfer of an interest (other than an interest in an individual residential unit) in an entity formed for the purpose of cooperative ownership, a proportional share of any pre-existing mortgage(s) on the underlying real property must be included in the consideration.

** In the case of a transfer of property or interest therein to a business entity in exchange for an interest in the entity, the value of such interest is equal to the market value of the property or interest therein less the amount of mortgages, liens or encumbrances thereon. (see instructions)

SCHEDULE 2 - Computation of tax for transfers involving certain residential property

USE THIS SCHEDULE FOR THE FOLLOWING TRANSFERS:

- A. Conveyances where the real property transferred or the real property in which the economic interest is transferred is a one-, two-, or three-family house, an individual cooperative apartment, an individual residential condominium unit, or an individual dwelling unit in a dwelling which is to be occupied or is occupied as the residence or home of four or more families living independently of each other.
- B. Grants, assignments or surrenders of leasehold interests in a one-, two-, or three-family house, or an individual dwelling unit in a dwelling which is to be occupied or is occupied as the residence or home of four or more families living independently of each other.

1. Consideration paid or required to be paid 1.
2. Tax
- a. 1% of line 1, if the consideration on line 1 is \$500,000 or less 2a.
- OR
- b. 1.425% of line 1, if the consideration on line 1 is greater than \$500,000 2b.
3. Penalty (see instructions) 3.
4. Interest (see instructions) 4.
5. TOTAL TAX DUE (add lines 2a or 2b, 3 and 4) 5.

SCHEDULE 3 - Computation of tax for all other transfers

USE THIS SCHEDULE FOR ALL TRANSFERS NOT INCLUDED IN SCHEDULE 2 ABOVE

1. Consideration paid or required to be paid 1.
2. Tax
- a. 1.425% of line 1, if the consideration on line 1 is \$500,000 or less 2a.
- OR
- b. 2.625% of line 1, if the consideration on line 1 is greater than \$500,000 2b.
3. Penalty (see instructions) 3.
4. Interest (see instructions) 4.
5. TOTAL TAX DUE (add lines 2a or 2b, 3 and 4) 5.

Zero

zero

CERTIFICATION

I swear or affirm that this return, including any accompanying schedules, affidavits and attachments, has been examined by me and is, to the best of my knowledge, a true and complete return made in good faith, pursuant to Title 11, Chapter 21 of the Administrative Code and the regulations issued thereunder.

GRANTOR**GRANTEE**

Sworn to and subscribed to
before me on this 30th day
of June 1997

13-2617144
BATTERY PARK CITY
Authority

Name of Grantor

By: [Signature]
Signature of Grantor

[Signature]
Signature of Notary

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

Sworn to and subscribed to
before me on this 30th day
of June 1997

13-3944498
Tribeca Landing
L.L.C.

Name of Grantee By: Rock
rose Assets (WC) LL

[Signature]
Signature of Notary

Signature of Grantee
By: [Signature]

LORI M. SWEDLOW
Notary Public, State of New York
No. 01SW4914439
Qualified in Nassau County
Commission Expires December 14, 1997

CAUTION: To ensure that your property tax bills are sent to the proper address you must complete the Owner's Registration Card which is the last form included in this packet. Owner's Register or Cards can also be obtained by calling the Department of Finance at (718) 624-1133.

IF THERE IS MORE THAN ONE GRANTOR OR GRANTEE, YOU MUST COMPLETE SCHEDULE J, PAGE 9.

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INTENTIONALLY**

New York State Department of Taxation and Finance
**Combined Real Estate
Transfer Tax Return and
Credit Line Mortgage Certificate**

See Instructions (TP-584-I) before completing this form. Please print or type.

Schedule A — Information Relating to Conveyance

Grantor	Name (if individual, last, first, middle initial)	Social Security Number
<input type="checkbox"/> Individual	Battery Park City Authority	
<input type="checkbox"/> Corporation	Mailing address	Social Security Number
<input type="checkbox"/> Partnership	One World Financial Center	
<input checked="" type="checkbox"/> Other	City State ZIP code	Federal employer identification number
	New York, N.Y. 10281	13-2617144
Grantee	Name (if individual, last, first, middle initial)	Social Security Number
<input type="checkbox"/> Individual	Tribeca Landing L.L.C.	
<input type="checkbox"/> Corporation	Mailing address	Social Security Number
<input type="checkbox"/> Partnership	c/o Rockrose Development Corp.	
<input checked="" type="checkbox"/> Other	City State ZIP code	Federal employer identification number
	309 East 45th Street New York, N.Y. 10017	13-3944498

Location and description of property conveyed

Tax map designation			Address	City/Village	Town	County
Section	Block	Lot				
1	16	Part of Lot 3	401 Chambers Street	New York		New York

Type of property conveyed (check applicable box)

<input type="checkbox"/> 1 - 3 family house	<input type="checkbox"/> 5 Commercial/Industrial	Date of conveyance 6 30 97 month day year	Percentage of real property conveyed which is residential real property 0 % (see instructions)
<input type="checkbox"/> 2 Residential cooperative	<input type="checkbox"/> 6 Apartment building		
<input type="checkbox"/> 3 Residential condominium	<input type="checkbox"/> 7 Office building		
<input checked="" type="checkbox"/> 4 Vacant land	<input type="checkbox"/> 8 Other		

Condition of conveyance (check all that apply)

- | | | |
|---|--|---|
| a - Conveyance of fee interest | f - Conveyance which consists of a mere change of identity or form of ownership or organization (attach Form TP-584.1, Schedule F) | k - Contract assignment |
| b - Acquisition of a controlling interest (state percentage acquired _____ %) | g - Conveyance for which credit for tax previously paid will be claimed (attach Form TP-584.1, Schedule G) | l - Option assignment or surrender |
| c - Transfer of a controlling interest (state percentage transferred _____ %) | h - Conveyance of cooperative apartment(s) | m - Leasehold assignment or surrender |
| d - Conveyance to cooperative housing corporation | i - Syndication | n <input checked="" type="checkbox"/> Leasehold grant |
| e - Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest (attach Form TP-584.1, Schedule E) | j - Conveyance of air rights or development rights | o - Conveyance of an easement |
| | | p - Conveyance for which exemption from transfer tax is claimed (complete Schedule B, Part III) |
| | | q - Conveyance of property partly within and partly without the state |
| | | r - Other (describe) _____ |

Schedule B — Real Estate Transfer Tax Return (Article 31 of the Tax Law)

Part I — Computation of Tax Due

1 Enter amount of consideration for the conveyance (if you are claiming a total exemption from tax, check the exemption claimed box, enter consideration and proceed to Part III) <input type="checkbox"/> Exemption claimed	1 4,816,224
2 Continuing lien deduction (see instructions if property is taken subject to mortgage or lien)	2 ()
3 Taxable consideration (subtract line 2 from line 1)	3 4,816,224
4 Tax: \$2 for each \$500, or fractional part thereof, of consideration on line 3	4 19,265
5 Amount of credit claimed (see instructions and attach Form TP-584.1, Schedule G)	5 ()
6 Total tax due* (subtract line 5 from line 4)	6 19,265

Part II — Computation of Additional Tax Due on the Conveyance of Residential Real Property for \$1 Million or More

1 Enter amount of consideration for conveyance (from Part I, line 1)	1
2 Taxable consideration (multiply line 1 by the percentage of the premises which is residential real property, see instructions)	2
3 Total additional transfer tax due (1% of line 2)	3

*Please make check(s) payable to the county clerk where the recording is to take place or if the recording is to take place in New York City, make check(s) payable to the NYC Department of Finance. If no recording is required, send this return and your check(s) made payable to the Department of Taxation and Finance, directly to the NYS Tax Department, TTTB-Transfer Tax, PO Box 5045, Albany NY 12205-5045.

For recording officer's use	Amount received Part I \$ Part II \$	Date received	Transaction number
-----------------------------	--	---------------	--------------------

Schedule B — (continued)**Part III - Explanation of Exemption Claimed in Part I, line 1 (check any boxes that apply).**

The conveyance of real property is exempt from the real estate transfer tax for the following reason:

- a Conveyance is to the United Nations, the United States of America, the state of New York or any of their instrumentalities, agencies or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada) a ☐
- b Conveyance is to secure a debt or other obligation b ☐
- c Conveyance is without additional consideration to confirm, correct, modify or supplement a prior conveyance c ☐
- d Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts d ☐
- e Conveyance is given in connection with a tax sale e ☐
- f Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F f ☐
- g Conveyance consists of deed of partition g ☐
- h Conveyance is given pursuant to the federal bankruptcy act h ☐
- i Conveyance consists of the execution of a contract to sell real property without the use or occupancy of such property or the granting of an option to purchase real property without the use or occupancy of such property i ☐
- j Conveyance of an option of contract to purchase real property with the use or occupancy of such property where the consideration is less than \$200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a 1-, 2-, or 3-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment j ☐
- k Conveyance is not a conveyance within the meaning of section 1401(e) of Article 31 of the Tax Law (attach documents supporting such claim) k ☐
- l Other (attach explanation) l ☐

Schedule C — Credit Line Mortgage Certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.

I (we) certify that: (check the appropriate box)

- 1 ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.
- 2 ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:
- ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.
- ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).
- ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.
- ☐ The maximum principal amount secured by the credit line mortgage is \$3,000,000 or more and the real property being sold or transferred is not principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.
- Please note: for purposes of determining whether the maximum principal amount secured is \$3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.
- ☐ Other (attach detailed explanation).
- 3 ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:
- ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.
- ☐ A check has been drawn payable for transmission to the credit line mortgagee of his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.
- 4 ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. (Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the NYC Department of Finance.)

Signature (both the grantor(s) and grantee(s) must sign).

The undersigned certify that the above return, including any certification, schedule or attachment, is to the best of his/her knowledge, true and complete.

Battery Park City Authority

Grantor

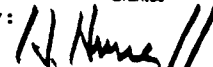
Title

Tribeca Landing L.L.C.

By: Rockrose Assets (WC) LLC Member

Grantee

Title

By:  Exec VPBy: 

Member

Reminder: Did you complete all of the required information in Schedules A and B? Were you required to complete Schedule C? If you checked e, f or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the NYC Department of Finance? If no recording is required, send your check(s), made payable to the Department of Taxation and Finance, directly to the NYS Tax Department, TTB-Transfer Tax, PO Box 5045, Albany NY 12205-5045.