

THIS LEASE AMENDMENT (this "Amendment"). made as of the 17th day of May, 1991, 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 SOUTH COVE ASSOCIATES, L.P. ("Tenant"), a Delaware limited partnership having an office c/o Goodstein Development Corp., 445 Fifth Avenue, New York, New York 10022.

W I T N E S S E T H :

WHEREAS, pursuant to an agreement of lease dated as of March 19, 1987, a memorandum of which bearing even date therewith was recorded in the Office of the City Register, New York County on April 3, 1987 at Reel 1211, Page 1428, and as modified by letter agreement dated June 18, 1987, Landlord leased to Battery Place Site 11 Associates ("Associates"), as tenant, and Associates hired from Landlord, certain premises known as Site 11, Battery Park City, Battery Park City Residential Area Phase III, being more particularly described in Exhibit A hereto (the "Premises"); and

WHEREAS, pursuant to Section 10.01 of said lease, Landlord consented to the assignment of Associates' interest in said lease to Tenant; and

WHEREAS, Landlord and Tenant amended said lease by amendment dated January 12, 1989 (said lease, as modified and amended as aforesaid, being hereinafter called the "Lease"); and

WHEREAS, Tenant is desirous of submitting its leasehold estate in the Premises to condominium ownership and, in connection therewith, has requested certain amendments to the Lease, hereinafter more particularly described; and

WHEREAS, Landlord is willing to so amend the Lease.

NOW, THEREFORE, for good and valuable consideration, the parties hereto hereby agree that the Lease is hereby amended in the following respects:

1. All capitalized terms not otherwise defined herein shall have the meanings provided in the Lease.
2. Tenant shall no longer be obligated to include in the Buildings the Theater Space and all references in the Lease to the "Theater Space" shall be deemed deleted in their entirety. The space formerly characterized as "Theater Space"

may be used for any use or combination of uses permitted by the Zoning Resolution.

3. The definition of "Initial Unit Transfers" contained in Section 42.01 is hereby amended by deleting therefrom "thirty-five percent (35%)" in clause (i) thereof and substituting therefor "twenty percent (20%)".

4. The first sentence of subparagraph (iv) of Section 42.03(c) is hereby amended by deleting from the third line thereof the figure "35%" and substituting therefor the figure "20%".

5. Section 42.04(c) is hereby amended by deleting therefrom "35%" and substituting therefor "20%".

6. To induce Landlord to consent to this Amendment, Tenant, for itself, Sponsor and any Affiliate, hereby agrees as follows:

- (a) For a period of one year from the date of the auction contemplated by the Third Amendment to the Condominium Plan (the "Auction"), Sponsor shall not conduct any auction sale of any Units which are not sold by Sponsor at the Auction without the prior approval of Landlord.
- (b) In the event Sponsor shall conduct a subsequent auction, Sponsor shall consult with Landlord as to the selection of the auction company retained to conduct such auction, provided, however, Landlord shall have no right of approval of such auction company.
- (c) The "Buy-Down of Common Charges", as provided in the Condominium Plan, shall not be withdrawn or modified, in any material manner, without the prior approval of Landlord.
- (d) Sponsor and any Affiliate of Sponsor shall continue the sales program and in combination therewith use reasonable efforts to cause unsold Units to be leased, provided the identity of the lessee and the terms of such letting shall be solely within the discretion of Sponsor or such Affiliate, and, except as specifically provided in the Lease, Landlord shall have no right to approve any such lessee or such lease terms.
- (e) During the period that Sponsor or an Affiliate of Sponsor shall be a Unit Owner of a Unit, all

revenue, including, without limitation, base or fixed rent, additional rent, percentage rent and all other income, sums or charges derived from the leasing by Sponsor or such Affiliate of such Unit shall be applied to the payment of all Unit Mortgages constituting a lien on a Unit owned by Sponsor or an Affiliate of Sponsor and Sponsor's or said Affiliate's other obligations to any such Unit Mortgagees under any other agreements related to such Unit Mortgages, all reasonable and customary expenses incurred by Sponsor or such Affiliate in owning, operating, maintaining and repairing such Unit, and Common Charges on such Unit and, in the event of any excess revenue, such excess may be retained by Sponsor or such Affiliate.

- (f) The failure of Sponsor or such Affiliate to comply with the provisions of this Paragraph 6 shall be deemed to be a Unit Owner Monetary Default and shall entitle Landlord to exercise all of the rights and remedies granted in Article 42 of the Lease to Landlord with respect to a Unit Owner Default.
- (g) Notwithstanding anything contained in this Amendment to the contrary, the provisions of this Paragraph 6(a)-(f) shall be of no force or effect if thirty-five percent (35%) or more of the Residential Units are sold at, or within sixty (60) days after, the Auction to Persons who are not Related Entities.

7. Notwithstanding anything contained in the Lease or in this Amendment to the contrary, the requirement of Tenant, pursuant to Section 3.05(c)(ii) of the Lease, to deliver security reasonably satisfactory to Landlord to secure Sponsor's obligation to make Transaction Payments shall be satisfied by the retention by Landlord of the Construction Period Letter of Credit in the amount of \$353,100, subject to reduction as hereinafter provided. The Construction Period Letter of Credit shall, in addition to securing the obligations of Tenant under the Lease as set forth in Section 11.12 hereof until Completion of the Buildings, secure Sponsor's obligations to make Transaction Payments pursuant to Section 3.05(b)(ii) of the Lease from and after the Initial Unit Transfer. Following Completion of the Buildings, Sponsor shall have the right, from time to time, to reduce the Construction Period Letter of Credit by the amounts of Transaction Payments theretofore and thereafter paid to Landlord, provided, at all times, the amount

of the Construction Period Letter of Credit shall not be less than the sum of the Transaction Payments due on all Units for which Transaction Payments have not been made. At the request of Landlord, Tenant shall cause the Construction Period Letter of Credit to be amended to reflect the foregoing.

8. If required by applicable law, the provisions of this Amendment shall be incorporated in an amendment to the Condominium Plan.

9. Except as herein amended, the terms and provisions of the Lease, in all other respects, shall remain unmodified and in full force and effect.

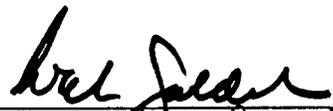
IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BATTERY PARK CITY AUTHORITY

By: 
Its: PRESIDENT

SOUTH COVE ASSOCIATES, L.P.

By: South Cove Associates Corp.,
General Partner

By: 
Its: a Vice President

APPROVED AND CONSENTED TO:

Manufacturers Hanover Trust Company

By: _____
Its: _____

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