

AMENDMENT OF SEVERANCE LEASE, made as of the 15th day of August, 1985, between BATTERY PARK CITY AUTHORITY ("Landlord"), a public benefit corporation under the laws of the State of New York, having an office at 40 West Street, New York, New York 10006, and OLYMPIA & YORK TOWER B COMPANY ("Tenant"), a partnership under the laws of the State of New York, having an office at 245 Park Avenue, New York, New York 10167.

RECITALS

A. Landlord and Tenant's predecessor in interest, Olympia & York Battery Park Company ("O&Y"), entered into an Agreement of Severance Lease (the "Severance Lease") dated as of June 15, 1983, whereby Landlord leased to O&Y and O&Y hired from Landlord, upon the terms, covenants and conditions contained in the Severance Lease, (a) all those certain plots, pieces and parcels of land known as Parcel B in the Battery Park City Commercial Center (also known as the World Financial Center) located in the City, County and State of New York, more particularly described in Exhibit "A" annexed hereto and made a part hereof, together with those certain easements described in Exhibit "A", and (b) all Buildings now or hereafter erected thereon.

B. O&Y assigned its interest as tenant in, to and under the Severance Lease to Tenant by that certain Assignment and Assumption of Severance Lease dated as of October 7, 1983 between O&Y as assignor and Tenant as assignee.

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C. The Severance Lease was amended by (a) an Agreement, made as of August 24, 1984, among Landlord, Tenant and Merrill Lynch & Co., Inc., (b) an Amendment of Severance Lease, made as of December 5, 1984, between Landlord and Tenant and (c) an Agreement, made July 12, 1985, among Landlord, Tenant and Bankers Trust Company, as Collateral Agent (the Severance Lease as amended by such Agreements and such Amendment being referred to hereinafter as the "Lease").

D. Landlord and Tenant now desire to amend the Lease in the respects and upon the terms and conditions set forth in this Agreement.

ACCORDINGLY, it is hereby mutually covenanted and agreed by and between the parties hereto as follows:

1. The Cross-Default Provisions and all references thereto shall be deemed to be rendered void and of no force or effect from and after the date hereof for all purposes under the Lease and with respect to all provisions of the Lease, including, without limitation, the provisions of Article 10 and Article 42 thereof.

2. Section 24.01(1) of the Lease shall be restated in its entirety as follows:

(1) if at any time during which the Guaranty remains in force, Guarantor shall be in default under the Guaranty beyond the applicable grace periods, if any, provided therein, with respect to, but only to, any obligations of the Guarantor thereunder arising in connection with or on account of Tenant's obligations under this Lease. For purposes of this Section 24.01(1) and Sections 24.01(e), (f), (g) and (h), the Guaranty shall

not be deemed to remain in force with respect to this Lease from and after the date the Guarantor no longer has any obligations under the Guaranty with respect to this Lease.

3. Clause (y) and the last sentence of Section 10.01(a) shall be restated in their entirety as follows:

(y) provided that Tenant shall comply with the provisions of this Article 10 with respect to a permitted assignment (including, but not limited to, the provisions of Section 10.01(c)), Tenant may assign this Lease, sell, assign or transfer the stock of any corporation which directly or indirectly is Tenant under this Lease or a general partner of any partnership that is Tenant under this Lease, issue additional stock of any such corporation, sell, assign or transfer a general partner's interest in a partnership which is Tenant under this Lease, or sublet the Premises as an entirety or substantially as an entirety, without Landlord's consent, to the following Persons (each such Person herein referred to as a "Permitted Assignee"):

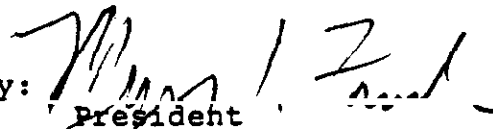
- (1) one or more Affiliates of Tenant, (2) a Person or Persons in each of which Tenant and/or one or more Affiliates of Tenant have in the aggregate at least a ninety percent (90%) interest and in which the remaining interests are owned by the officers, directors and/or employees of Tenant or of any of such Affiliates of Tenant, or (3) a joint venture (which term shall include a partnership or tenancy-in-common) in which Tenant and/or one or more Affiliates of Tenant have in the aggregate at least a fifty percent (50%) interest and are the managing joint venturers. From and after an assignment of this Lease by Tenant to a Permitted Assignee or the occurrence of any of the other sales, assignments, transfers or subleases permitted under clause (y) of this Section 10.01(a), until Substantial Completion of the Buildings, the Tenant hereunder or such other transferee, assignee or sublessee, must continue to qualify as a Permitted Assignee.

4. All capitalized terms used in this Amendment which are not otherwise defined herein shall have the meanings ascribed to them in the Lease.

5. The Lease, as amended by this Amendment (a) is hereby ratified and confirmed, and (b) shall remain in full force and effect in accordance with and subject to the terms, covenants and provisions thereof.

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

BATTERY PARK CITY AUTHORITY

By: 
President

OLYMPIA & YORK TOWER B COMPANY

By: O&Y (U.S.) Development Corp.

By: 
Executive Vice-President

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

On this 11 day of April, 1986, before me personally came MEYER S. FRUCHER to me known, who being by me duly sworn, did depose and say that he has an address at 324 W. 101 Street, New York, New York 10025, that he is the President of BATTERY PARK CITY AUTHORITY, the public benefit corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the members of said corporation.

[Signature]
Notary Public

CHRISTINA MARRON
Notary Public, State of New York
Commission Expires March 31, 1987

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

On this 17 day of April, 1986, before me personally came MICHAEL DENNIS to me known, who being by me duly sworn, did depose and say that he has an address at 14 Langley Avenue, Toronto, Ontario, Canada, that he is the Executive Vice President of O&Y (U.S.) DEVELOPMENT CORP., the corporation described in the foregoing instrument and which executed same as partner of OLYMPIA & YORK TOWER B COMPANY, a New York partnership; and that he signed his name thereto by order of the board of directors of said corporation.

[Signature]
Notary Public

PATRICIA ANN MEHLIS
Notary Public, State of New York
No. 41-4643680 Qualified in Queens Co.
Cert. Filed in New York County
Commission Expires March 31, 1987