AGREEMENT OF LEASE

between

BATTERY PARK CITY AUTHORITY
Landlord

and

LIBERTY VIEW ASSOCIATES L.P.
Tenant

Premises Site D

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AGREEMENT OF LEASE made the 29th day of October, 1984, 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 40 West Street, New York, New York 10006, and LIBERTY VIEW ASSOCIATES L.P. ("Tenant"), having an address c/o The Related Companies, Inc., 645 Fifth Avenue, New York, New York 10022.

W I T N E S S E T H:

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 and elsewhere in this Lease shall, for all purposes of this Lease and all supplemental agreements referring hereto, have the following meanings.

"Acceptable Binders" shall mean binders for insurance policies issued by insurance carriers or by insurance brokers authorized in writing by authorized officers of insurance carriers to issue such binders on their behalf.

"Additional Rent" shall have the meaning provided in Section 3.01(e).

"Adjusted Tax Equivalent" shall have the meaning provided in Section 3.03(c).

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

"Approved Conversion" shall mean, if the Premises are then used for rental purposes, the submission by Tenant

of its leasehold estate in the Premises to the Condominium Act (hereinafter defined) at any time subsequent to Completion of the Building.

"Approved Cooperative Plan" shall mean a Cooperative Plan with respect to which 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 as may be reasonably requested by Landlord.

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

"Architect" shall mean The Gruzen Partnership or a successor who shall have been approved by Landlord, which approval shall not be unreasonably withheld. The failure of Landlord to notify Tenant of its disapproval within twenty (20) days of receipt of request by Tenant for approval shall be deemed approval.

"Article 11 Materials" shall have the meaning provided in Section 8.04(a)(ii).

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

"Board of Managers" shall mean the board of managers established pursuant to the By-Laws (hereinafter defined).

"Board of Managers Failure to Act" shall have the meaning provided in Section 42.09.

"BPC Development Corporation" shall mean BPC Development Corporation, a wholly-owned subsidiary of UDC (hereinafter defined).

"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, excluding, however, the Civic Facilities (hereinafter defined).

"Bulk Sale" shall mean the sale of an aggregate of fifteen (15) Units by the Sponsor to one Person or to Person(s) that control, are controlled by, or are under common control with the same Person. If the Units are sold by the Sponsor at different times in different transactions, a Bulk Sale shall be deemed to exist upon the first date upon which at least fifteen (15) Units are owned by one Person or Persons(s) that control, are controlled by or are under common control with the same Person.

"Bulk Sublease" shall mean Sublease(s) of an aggregate of at least fifteen (15) uncombined residential units to one Person or to a Person(s) that control, are controlled by or are under common control with the same Person. If there is more than one Sublease to one such Person, a Bulk Sublease shall be deemed to exist upon the first date upon which at least fifteen (15) units are subleased to one Person or to Person(s) that control, are controlled by or are under common control with the same Person.

"By-Laws" shall mean the by-laws annexed to the Declaration (hereinafter defined) together with all amendments, modifications and supplements thereto.

"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.

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

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

"Civic Facilities Drawings and Specifications" 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 as of which this Lease is made.

"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.

"Common Charges" shall mean Rental and assessments payable to the Board of Managers by the Unit Owners (hereinafter defined) for the purpose of meeting the costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to the common elements.

"Comparable Buildings" shall have the meaning provided in Section 3.07(j).

"Completion of the Building" shall mean the issuance of a permanent Certificate of Occupancy for the Building and (i) if the Premises (hereinafter defined) shall be used for rental purposes, the actual occupancy by bona fide Subtenants (hereinafter defined) under valid Subleases (hereinafter defined) of eighty percent (80%) of the rentable residential space or (ii) if Tenant's estate in the Premises shall have been submitted to a cooperative form of ownership (x) existence of an Approved Cooperative Plan, (y) the assignment by Tenant of its interest in this Lease to the Apartment Corporation and (z) consummation of the sale of thirty-five percent (35%) of the Units to bona fide purchasers pursuant to purchase or subscription agreements theretofore delivered to Landlord or (iii) if Tenant's estate in the Premises shall

have been submitted to a condominium form of ownership, consummation of the Initial Unit Transfers (hereinafter defined).

"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 Depository" shall have the meaning provided in Section 42.04(c).

"Condominium Documents" shall mean the Condominium Plan (as hereinafter defined), Declaration and By-Laws.

"Condominium Plan" shall mean the plan 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.

"Conversion" shall mean the conversion of the Premises to cooperative or condominium ownership.

"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 PILOT" shall have the meaning provided in Section 3.03(b).

"Corrected Supplemental Rent" shall have the meaning provided in Section 3.01(c).

"Declaration" shall mean the instrument by which Tenant's and/or Landlord's respective leasehold estates in the Premises are submitted to the Condominium Act, together with all amendments, modifications and supplements thereto.

"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).

"Default Certificate" shall have the meaning provided in Section 42.06(b).

"Defaulting Unit Owner" shall have the meaning provided in Section 42.06(b).

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

"Deficiency Amount" shall have the meaning provided in Section 42.06(c).

"Depository" shall mean any Person (hereinafter defined) who would qualify as an Institutional Lender (hereinafter defined) who is designated by Tenant (subject to the consent of Landlord, not to be unreasonably withheld) to serve as Depository pursuant to this Lease, provided that all funds held by the Institutional Lender so designated shall be held in New York City. The failure of Landlord to notify Tenant of its disapproval within twenty (20) days of receipt of request by Tenant for approval shall be deemed approval.

"Design Guidelines" shall mean the "Design Guidelines for the South Residential Area of Battery Park City", dated April, 1981, annexed hereto as Exhibit "G" and made a part hereof.

"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.

"Enclosure of Building" shall mean that all masonry, perimeter walls and window frames with glazing have been substantially completed from the third floor to the top floor of the Building, except temporary exterior elevator and/or hoist cut-outs and renting office access stairs and entrance.

"Equipment" shall mean all fixtures incorporated in the Premises (hereinafter defined) and all additions to and replacements of such fixtures, including, without limitation, all machinery, dynamos, boilers, heating and lighting equipment, pipes, pumps, tanks, motors, air conditioning compressors, conduits, fittings, ventilating and communications apparatus, elevators, escalators, incinerators, garbage compactors, antennas, computers, sensors. "Equipment" shall also mean laundry equipment (other than that owned by a concessionaire), refrigerators, stoves, dishwashers and other major kitchen appliances and all additions to and replacements of same, except to the extent any of the foregoing shall not be owned or leased by Tenant. "Equipment" shall not mean any fixture or utilities owned by any utility company.

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

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

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

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

"Fair Market Value of the Land" shall have the meaning provided in Section 3.01(f)(i).

"First 15 Years after the Initial 25 Year Period" shall have the meaning provided in Section 3.01(f)(iii).

"Foundation of the Building" shall mean the Building's excavation, piles, pile caps, basement slab and underground piping and conduit underneath the slab.

"Foundation Permits" shall have the meaning provided in Section 11.02(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.

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

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

"Increased Base Rent Commencement Date" shall have the meaning provided in Section 3.01(a)(ii).

"Increased Letter of Credit Date" shall have the meaning provided in Section 11.14.

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

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

"Initial General Partners" shall mean The Related Companies, Inc., LRF Developers, Inc., Related Liberty Associates, L.P., and LRF Liberty Associates, L.P.

"Initial 25-Year Period" shall have the meaning provided in Section 3.01(f)(ii).

"Initial Unit Transfer" shall mean the closing of the first transfer of a Unit (hereinafter defined) to a Qualified Unit Purchaser (hereinafter defined) pursuant to the Condominium Plan and in accordance with Article 42.

"Initial Unit Transfers" shall mean (i) other than if in connection with an Approved Conversion, the first closings of the transfers of 35% of the Units to Qualified Unit Purchasers pursuant to the Condominium Plan and in accordance with Article 42 and (ii) if in connection with an Approved Conversion, the first closings of the transfers of fifteen percent (15%) of the Units to Qualified Unit Purchasers pursuant to the Condominium Plan and in accordance with Article 42.

"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 company organized and existing under the laws of the United States or any state thereof, a real estate investment trust, a religious, educational or eleemosynary institution, a governmental agency, body or entity, an em-

ployee, benefit, pension or retirement plan or fund, General Electric Credit Corp. or any similar commercial credit corporation, a commercial bank or trust company acting as trustee or fiduciary of various pension funds or other tax-exempt funds, 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 (a) each such entity shall be subject to the supervision of (i) the Comptroller of the Currency or the Department of Labor of the United States 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 the City of New York or any successor to any of the foregoing agencies or officials, or (ii) any agency or official exercising comparable functions on behalf of any other state or country (provided, however, that the designation of any non-United States entity that is not supervised pursuant to clause (i) above shall be subject to the consent of Landlord, not to be unreasonably withheld), or (iii) in the case of a commercial credit corporation, the laws and regulations of the state of its incorporation, or (iv) 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 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. Any such entity or combination of such entities designated by Tenant to act as construction lender in connection with the construction of the Building shall qualify as an Institutional Lender within the provisions of this section only if each such entity, in addition to meeting the above requirements, shall be subject to the jurisdiction of the courts of the State of New York in any actions relating to this Lease.

"Land" shall mean the land described in Exhibit "A" annexed hereto and made a part hereof.

"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 preceding the Commencement of Construction (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. The total assessed value of the Land deemed to be in effect for the Tax Year preceding the Commencement of Construction, as provided in clause (i) above, is $1,275,000.

"Landlord" shall mean the Landlord from time to time under this Lease.

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

"Landlord's Civic Facilities Schedule" shall have the meaning provided in Section 26.04(f).

"Landlord's Construction Obligations" shall have the meaning provided in Section 26.04(a).

"Landlord's Lien" shall have the meaning provided in Section 42.08(c).

"Landlord's Project Manager" shall have the meaning provided in Section 11.01(e).

"Lease" shall mean this Agreement of Lease and all amendments, modifications, extensions and renewals hereof.

"Lease Year" shall mean the twelve-month period beginning on November 1, 1984 and each succeeding twelve-month period during the balance of the Term.

"Letter of Credit" shall have the meaning provided in Section 42.04(a).

"Letter of Credit Amount" shall mean $850,000; however, in connection with an Approved Conversion pursuant to which the Initial Unit Transfer occurs on or after the date two (2) years after the Completion of the Building, Letter of Credit Amount shall mean $215,000.

"Liabilities" shall have the meaning provided in Section 42.11(g).

"Maintenance Obligations" shall have the meaning provided in Section 26.03(a).

"Master Development Plan" shall mean the plan annexed hereto as Exhibit "C" and made a part hereof.

"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.

"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 Reel 527, page 163, in the Office of the Register of New York City (New York County), and amended by First Amendment to Restated Amended Lease, made as of June 15, 1983, and recorded in said office on June 20, 1983, in Reel 696, page 424, and Second Amendment to Restated Amended Lease, dated June 15, 1983, and recorded in said office on June 20, 1983, in Reel 696, page 432, and as the same may be hereafter amended.

"Maximum Fund Requirement" shall mean $215,000.

"Mortgage" shall mean (i) any mortgage, deed of trust, deed to secure debt or other security instrument (and any note, loan agreement or other instrument secured thereby) by which Tenant's interest in this Lease is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation, (ii) any assignment and sublease back transaction (an "Assignment and Leaseback") in which Tenant's interest in this Lease is assigned and all or substantially all of the Premises are subleased back to Tenant by a sublease (a "Leaseback") made concurrently with (or immediately

after) such assignment, under which Tenant shall be required to perform and discharge all of Tenant's obligations under this Lease, (iii) any mortgage, deed of trust, deed to secure debt or other security instrument (and any note, loan agreement or other instrument secured thereby) by which the interest of a subtenant under a Leaseback is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation, (iv) any other agreement or instrument by which a pledge of stock, partnership interest(s) or other ownership interests or such partnership arrangements as shall be employed for the purpose of financing or as security therefor is secured or evidenced and (v) any mortgage, deed of trust, deed to secure debt or other security instrument (and any note, loan agreement or other instrument secured thereby) by which Tenant's entire interest in this Lease is mortgaged to the immediately prior holder of Tenant's interest under this Lease or to Person(s) having a majority equity interest in such prior holder to secure a debt or other obligation which is consideration for an assignment of Tenant's interest in this Lease in compliance with the provisions of Article 10 hereof, or a pledge of stock, partnership interest(s) or other ownership interests to secure a debt or other obligation which is consideration for the Transfer (as hereinafter defined) of a majority equity interest in Tenant, in compliance with the provisions of Article 10 hereof; provided that

the holder of any security interest referred to in the foregoing clauses (i) through (iv) shall be an Institutional Lender; and all references in this Lease to a "Mortgagee" shall be deemed to refer to and include (1) the holder of any Mortgage on Tenant's interest in this Lease, (2) the holder of the sublessor's interest in any Leaseback, (3) the holder of any Mortgage on the interest of a Leaseback subtenant in any Leaseback and (4) the holder of any such other agreement or instrument by which such pledge of stock, partnership interest(s) or other partnership arrangement is evidenced or secured, as the case may be. Each such Mortgagee shall have all of the rights of a Mortgagee of the Tenant's interest in this Lease. All references in this Lease to a Mortgage on the Tenant's interest in this Lease and related matters shall be deemed also to refer to a Mortgage on the interest of a subtenant in a Leaseback; all references in this Lease to foreclosure or assignment in lieu of foreclosure of a Mortgage on Tenant's interest in this Lease and related matters shall be deemed also to refer to foreclosure or assignment in lieu of foreclosure of a Mortgage on the interest of a subtenant in a Leaseback; all references in this Lease to foreclosure shall also be deemed to refer to such other legal proceedings as are appropriate to enable the holder of the sublessor's interest in a Leaseback or the holder of any such other type of financing arrangement to obtain possession

of the Premises; all references in this Lease to assignment in lieu of foreclosure and related matters shall refer to any voluntary surrender of possession to a Mortgagee; and all references in this Lease to principal under a Mortgage and related matters shall be deemed also to refer to the price paid for the assignment in an Assignment and Leaseback; and all references in this Lease to debt service, interest or amortization on a Mortgage and related matters shall be deemed also to refer to rent under a Leaseback and to any other form of payments or repayments of debt service, interest, principal or amortization on any such other type of financing arrangement.

"Mortgagee" shall mean the holder of a Mortgage.

"New Lease" shall have the meaning provided in Section 10.09(a).

"New Tenant" shall have the meaning provided in Section 10.09(a).

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

"Parcels" shall have the meaning provided in Section 11.09.

"Partial Rental Payment" shall have the meaning provided in Section 42.06(c).

"Payments in Lieu of Taxes" and "PILOT" shall have the meaning provided in Section 3.03(a).

"Permitted Reduction" shall have the meaning provided in Section 42.04(d).

"Person" shall mean and include any individual, corporation, partnership, joint venture, estate, trust, unincorporated association or other entity, or any Federal, State, County or municipal government or any bureau, department or agency thereof.

"Phase II" shall mean Phase II Residential Development of the Project Area, as such Phase II is delineated in the Design Guidelines.

"Plans and Specifications" shall have the meaning provided in Section 11.01(c).

"Preliminary Plans and Specifications" shall have the meaning provided in Section 11.01(a).

"Premises" shall mean the Land and Building.

"Prime Rate" shall mean, at any time or from time to time, the annual interest rate, as announced by Citibank, N.A. or its successors, at which Citibank, N.A. or its successors will lend money for a period of ninety (90) days on an unsecured basis to its most creditworthy commercial borrowers, or if Citibank, N.A. or its successors shall fail at any time or from time to time to announce such annual interest rate, then a substitute rate, generally reflecting the short-term cost of funds on an unsecured basis to creditworthy commercial borrowers, such substitute rate to be determined by Tenant and subject to Landlord's reasonable approval. The failure of Landlord to notify Tenant of its disapproval within sixty (60) days of receipt of request by Tenant for approval shall be deemed approval. Any dispute between the parties as to Landlord's reasonableness in connection with a substitute rate, shall be determined by arbitration in accordance with the provisions of Article 36 hereof.

"Principals" shall mean Francisco Lugovina and Stephen Ross.

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

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

"Proportionate Rent" shall mean each Unit's proportionate share of Rental under this Lease in accordance with each Unit's common interest as set forth in the Declaration.

"Purchase Option" shall mean that certain agreement dated as of June 6, 1980 by and between UDC, BPC Development Corporation, Landlord and New York City and recorded in the Office of the City Register, New York County on June 11, 1980 in Reel 527 at page 153.

"Qualified Purchase Agreement" shall mean (i) a purchase agreement for the purchase of a Unit made by any Person who is not a Related Entity (hereinafter defined) substantially in the form set forth in the Condominium Plan, providing for a purchase price equal to or in excess of the purchase price for such Unit set forth in the Condominium Plan and under which such purchase agreement such Person made all down payments required thereunder, and (ii) with

respect to any Person who is a Related Entity, a purchase agreement for the purchase of a Unit made by any Person who is a Related Entity substantially in the form set forth in the Condominium Plan, providing for a purchase price equal to or in excess of the purchase price for such Unit set forth in the Condominium Plan, under which such purchase agreement such Person made all down payments required thereunder and provided (i) such Person shall not pay or have paid for any portion of the purchase price with funds advanced by or contributed or borrowed from Sponsor or any Related Entity and (ii) Sponsor or any Related Entity shall not have guaranteed any portion of the purchase price.

"Qualified Unit Purchaser" shall mean the purchaser under a Qualified Purchase Agreement.

"Recognized Unit Mortgage" shall have the meaning provided in Section 42.10(b).

"Recognized Unit Mortgagee" shall have the meaning provided in Section 42.10(b).

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

"Related Entity" shall mean (i) any Person that has, directly or indirectly, a five percent (5%) or greater ownership interest in Sponsor, or any Person in which Sponsor, or any general partner of Sponsor, or any limited partner of Sponsor with a five percent (5%) or greater interest in Sponsor, or any stockholder with a five percent (5%) or greater interest in any Person that is either (x) a general partner in Sponsor or (y) a limited partner of Sponsor with a five percent (5%) or greater interest in Sponsor, has an ownership interest which, in the aggregate, is greater than five percent (5%) of such Person, and (ii) any individual who is a member of the immediate family (whether by birth or marriage) of an individual who is a Related Entity, 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.

"Release Date" shall have the meaning provided in Section 3.07.

"Remainder Portion of the Term" shall have the meaning provided in Section 3.01(f)(vi).

"Rent Control Sanction" shall have the meaning provided in Section 3.07(d).

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

"Rent Insurance Proceeds" shall have the meaning provided in Section 7.02(a).

"Rent Program" shall have the meaning provided in Section 3.07(c).

"Rent Regulation" shall have the meaning provided in Section 3.07(a).

"Rental" shall have the meaning provided in Section 3.06.

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

"Residential TCO" shall have the meaning provided in Section 3.03(c).

"Restoration" shall mean repairs, alterations, restorations, replacements and rebuilding to all or any part of

the Building which has been destroyed, damaged or impaired in whole or in part by fire, casualty or has been affected by a taking by eminent domain or condemnation.

"Restoration Approvals" shall have the meaning provided in Section 8.04(a)(ii).

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

"Restore" shall mean to effect a Restoration.

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

"Second 15 Years After the Initial 25 Year Period" shall have the meaning provided in Section 3.01(f)(iv).

"Section 421-a" shall have the meaning provided in Section 3.07(a).

"Security Fund" shall have the meaning provided in Section 42.04(b).

"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 UDC, as supplemented by Letter, dated June 9, 1980, from Richard A. Kahan to Edward I. Koch.

"Side Letter Relating to Construction Matters" shall mean the letter signed by Landlord and Tenant, a copy of which is annexed hereto as Exhibit "I" and made a part hereof.

"Sponsor" shall mean a Person that is or was Tenant or has a contractual right to be Tenant that has submitted a Cooperative Plan or Condominium Plan, and any successor thereto.

"Stabilization Association" shall have the meaning provided in Section 3.07(b).

"Storage Area" shall have the meaning provided in Section 11.12(a).

"Subject to Indexing" shall mean, in the case of any dollar limit so specified herein, that such dollar limit shall be adjusted to reflect the percentage increase from the Commencement Date to the date on which such adjustment is made

in the Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey (1967 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor or any successor agency. In the event said index shall cease to be published, there shall be substituted therefor such similar or comparable index as Landlord and Tenant shall agree upon, and if they are unable so to agree within ninety (90) days after said index ceases to be published, such matter shall be determined by arbitration in accordance with the provisions of Article 36.

"Subject to CPI Indexing" shall mean the same as "Subject to Indexing", except that (x) the base period shall be the month of November, 1986, and (y) adjustments shall be made once per year, as of each following November, based on changes in the CPI Index between the base period and the month of September preceding such November.

"Subleases" shall have the meaning provided in Section 10.02.

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

"Subtenants" shall have the meaning provided in Section 10.02.

"Supplemental Rent" shall have the meaning provided in Section 3.01(c).

"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 ten (10) Tax Years commencing with the Tax Year next succeeding the Tax Year in which the Residential TCO is issued, 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 preceding the Commencement of Construction (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 real property tax fiscal year of the City of New York, the first Tax Year to be July 1, 1984 through June 30, 1985.

"Taxes" shall have the meaning provided in Section 4.03(a).

"Tenant" shall mean Liberty View Associates L.P. and, if Liberty View Associates L.P. or any successor to its interest hereunder shall assign or transfer its tenant's interest hereunder in accordance with the terms of this Lease, the term "Tenant" shall mean only such permitted assignee or transferee.

"Tenant's Architect" and "Tenant's Engineer" shall have the meanings provided in Section 8.04(a)(i).

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

"Tenant's Development Schedule" shall have the meaning provided in Section 11.04.

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

"Third 15 Years after the First 25 Year Period" shall have the meaning provided in Section 3.01(f)(v).

"Title Matters" shall have the meaning provided in Article 2.

"Transaction Certificate" shall have the meaning provided in Section 3.08.

"Transaction Payment" shall have the meaning provided in Section 3.08.

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

"Unavoidable Delays" shall mean delays incurred by the party asserting such delay 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 ordinary governmental restrictions which Tenant is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, subsoil conditions (but the period of Unavoidable Delay occasioned by subsoil conditions shall not in the aggregate exceed six (6) months), fire, unavoidable casualty, unreasonable withholding of the

consent by the other party or other similar causes beyond the control of the party asserting such delay, including, in the case of any such delay asserted by Tenant, delay or slow-down in work ordered or directed by Landlord (except for delay or slow-down ordered or directed by Landlord pursuant to Section 11.11) or caused by Landlord's failure to complete the Civic Facilities in accordance with Section 26.02 (but not including Landlord's or Tenant's insolvency or financial condition), of which such party shall have notified the other party not later than fourteen (14) days after such party knows or should know of the occurrence of same, and the effects of which a prudent Person in the position of the party asserting such delay could not have prevented through reasonable foresight and precautions.

"UDC" shall mean New York State Urban Development Corporation, a corporate governmental agency of the State of New York constituting a political subdivision and public benefit corporation, its successors and assigns.

"Unit" shall mean any cooperative or condominium unit within the Premises.

"Unit Assignment Agreement" shall mean the instrument by which a Unit Owner acquires its interest in a Unit

and a proportionate undivided interest in the common elements appertaining to such Unit by partial assignment from Tenant.

"Unit Mortgage" shall have the meaning provided in Section 42.10(a).

"Unit Mortgagee" shall have the meaning provided in Section 42.10(a).

"Unit Mortgagee Representative" shall have the meaning provided in Section 42.10(e).

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

"Unit Owner Action" shall have the meaning provided in Section 42.09(b).

"Unit Owner Default" shall have the meaning provided in Section 42.06(b).

"Unit Owner Non-Monetary Default" shall have the meaning provided in Section 42.06(b).

"Unit Sale" shall mean the issuance, sale, assignment or transfer of stock and lease appurtenant to a Unit or the sale, assignment or transfer of a Unit, by Sponsor on or after Conversion, with or without consideration.

"Zoning Lot Declaration" shall have the meaning provided in Section 3.01(g).

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 those matters affecting title set forth in Exhibit "B" annexed hereto and made a part hereof ("Title Matters").

TO HAVE AND TO HOLD unto Tenant, its successors and (subject to the terms of this Lease) 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 may be terminated as hereinafter provided (the "Expiration Date").

ARTICLE 3

RENT

Section 3.01.

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

(i) From the Commencement Date through October 31, 1984, a monthly amount which, together with PILOT payable pursuant to Section 3.03(a), pro-rated on a monthly basis, equals $10,000.00. Rent for any fractional month shall be pro-rated (PILOT to be pro-rated for such fractional month).

(ii) For each Lease Year in the Initial 25 Year Period, the sum of (A) the annual amount set forth on Schedule 1 opposite such Lease Year plus (B) that portion of Supplemental Rent, if any, payable during such Lease Year; provided, however, that if Tenant shall fail to complete the Foundation of the Building in a good and workmanlike manner in accordance with the Plans and Specifica-

tions, the Master Development Plan, the Design Guidelines and Requirements on or prior to May 1, 1985, as such date is extended by Unavoidable Delays (such date, as so extended, "Increased Base Rent Commencement Date"), Base Rent for each day during the period commencing with the Increased Base Rent Commencement Date and continuing through the day before the completion of the Foundation of the Building in the manner hereinabove provided (except for those days during which construction was not possible because of Unavoidable Delays, with respect to which days Base Rent shall be the same as initially provided in this Subdivision (ii), on a pro rata basis) shall be increased by the following amounts: (1) $800 for each day of the first sixty (60) days; (2) $1,100 for each day of the succeeding sixty (60) days; and (3) $1,300 for each day thereafter; but if Substantial Completion of the Building occurs prior to November 1, 1986, as such date is extended by Unavoidable Delays, the Base Rent paid pursuant to this clause in excess of the Base Rent which would have been paid if the Foundation of the Building has been completed prior to the Increased Base Rent Commencement Date in the manner herein-

above provided shall be offset against Base Rent next due and payable.

(iii) For each Lease Year during the First 15 Years after the Initial 25 Year Period, an amount equal to the lesser of (A) one hundred and fifteen percent (115%) of the Base Rent payable for the twelve (12) month period immediately preceding the commencement of the First 15 Years after the Initial 25 Year Period, or (B) six percent (6%) of the Fair Market Value of the Land, determined as hereinafter provided;

(iv) For each Lease Year during the Second 15 Years after the Initial 25 Year Period, an amount equal to six percent (6%) of the Fair Market Value of the Land, determined as hereinafter provided;

(v) For each Lease Year during the Third 15 Years after the Initial 25 Year Period, an amount equal to six percent (6%) of the Fair Market Value of the Land, determined as hereinafter provided; and

(vi) For each Lease Year during the Remainder Portion of the Term, an amount equal to six percent

(6%) of the Fair Market Value of the Land, determined as hereinafter provided;

provided, however, that in no event shall the Base Rent payable by Tenant for the First 15 Years after the Initial 25 Year Period be less than the Base Rent (including Supplemental Rent) payable for the last Lease Year of the Initial 25 Year Period, and in no event shall the Base Rent for any Lease Year subsequent to the First 15 Years after the Initial 25 Year Period be less than the Base Rent payable for the preceding Lease Year.

(b) Base Rent shall be payable in equal monthly installments in advance commencing on the first day of each calendar month during the Term, and the portion payable from the Commencement Date through the last day of the month in which the Commencement Date occurs shall be payable on the date hereof. 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. Base Rent due for any period of less than a full Lease Year, and any installment of Base Rent due for any period of less than a full month, shall be apportioned.

(c) Subject to the last sentence of this Paragraph (c), Tenant shall pay Supplemental Rent during each Lease Year of the term of this Lease. Supplemental Rent shall be equal to the amount, if any, by which the amount set forth on Schedule 2 hereto which is applicable to such Tax Year exceeds PILOT for such Tax Year. Thus, the Supplemental Rent for a Lease Year shall be comprised of the aggregate of (1) the excess of two-thirds of the amount set forth on Schedule 2 for the Tax Year expiring on June 30 of such Lease Year over the PILOT for two-thirds of such Tax Year and (ii) the excess of one-third of the amount set forth in Schedule 2 for the Tax Year commencing on July 1 of such Lease Year over PILOT for one-third of such Tax Year. Tenant shall calculate Supplemental Rent for each Tax Year simultaneously with Tenant's calculation of the Tax Equivalent for such Tax Year pursuant to Section 3.03(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 twentieth day of the final month of the immediately preceding Tax Year and Tenant shall be unable to make the calculations required by Section 3.03 and this Section 3.01(c) prior to the commencement of such Tax Year, Tenant shall pay monthly as estimated Supplemental Rent an amount equal to the amount required to be paid under this Article on account of Supplemental 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 Supplement Rent"), if any, by which Supplemental Rent properly payable for the portion of such Tax Year in respect of which Tenant previously paid estimated Supplemental Rent exceeds the amount of such estimated Supplemental Rent. In the event that the amount of such estimated Supplemental Rent shall exceed the amount of Supplemental Rent properly payable for the portion of such Tax Year in respect of which Tenant previously paid such estimated Supplemental Rent, Tenant may either (i) credit such excess against future monthly payments of Supplemental Rent during such Tax Year, or (ii) deduct such excess from any corrected PILOT payable pursuant to Section 3.03(b). No Supplemental Rent shall be payable for any Tax Year subsequent to July 1, 2008 - June 30, 2009.

(d) If Landlord fails substantially to complete construction or installation of a portion of Landlord's Civic Facilities as provided in Section 26.02, Tenant's obligation to pay Base Rent under this Lease shall be abated for a period equal to three (3) times the number of days elapsing between the date Landlord is obligated substantially to complete such construction or installation as provided in Section 26.02 and the date such construction or installation is substantially completed.

(e) Tenant shall also pay to Landlord, without notice or demand, all other amounts which Tenant herein

assumes or agrees to pay, including, without limitation, PILOT and the Civic Facilities Payment (collectively, the "Additional Rent") and each Transaction Payment referred to in this Article 3.

(f) For the purposes of this Section 3.01:

(i) "Fair Market Value of the Land" shall mean the Fair Market Value of the Land as determined and redetermined from time to time in accordance with paragraph (g) below.

(ii) "Initial 25 Year Period" shall mean the portion of the Term commencing on November 1, 1984 and expiring October 31, 2009.

(iii) "First 15 Years After the Initial 25 Year Period" shall mean the portion of the Term commencing on November 1, 2009 and ending on October 31, 2024.

(iv) "Second 15 Years after the Initial 25 Year Period" shall mean the portion of the Term commencing on November 1, 2024 and ending on October 31, 2039.

(v) "Third 15 Years after the Initial 25 Year Period" shall mean the portion of the Term commencing on November 1, 2039 and ending on October 31, 2054.

(vi) "Remainder Portion of the Term" shall mean the portion of the Term commencing on November 1, 2054 and ending on June 17, 2069.

(g) The Fair Market Value of the Land shall be determined as if the Land were (i) unencumbered by this Lease and the Master Lease, (ii) unimproved except for the Civic Facilities and other site improvements made by Landlord, and (iii) considered as subject to Declaration of Zoning Lot and Development Restrictions, dated July 9, 1982, and recorded in the New York County Office of the Register of the City of New York in Reel 648 at page 276 ("Zoning Lot Declaration") provided that (A) consideration of the Zoning Lot Declaration is not violative of the provisions of the Master Lease and (B) in the event that any provision of the Zoning Lot Declaration applicable to the Premises shall be hereafter amended and, pursuant to such amendment, Tenant shall replace, enlarge or substantially alter the Building or shall change the use of the Building or any material part thereof, to conform to, or as permitted by, such amendment, the Zoning Lot Declaration as so amended shall be considered when determining or rede-

termining the Fair Market Value of the Land. Such determination or redetermination shall be made as of the first day of the portion of the Term for which the Base Rent so determined shall be payable and shall be made by appraisal in the manner provided in Section 3.02 hereof, unless at least twelve months before the date as of which the determination is to be made Landlord and Tenant have agreed upon the Fair Market Value of the Land.

Section 3.02.

(a) Each determination of Fair Market Value of the Land referred to in Section 3.01(g) shall be made in accordance with the procedures set forth in Article XVII of the Master Lease. Landlord shall permit Tenant and Tenant's representatives and witnesses, at Tenant's own cost and expense, to participate in such procedures. Landlord shall (as tenant under the Master Lease) appoint as its appraiser under the Master Lease an appraiser designated by Tenant, provided that the appraiser so designated by Tenant 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 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 Land and/or the Building 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 residential buildings situated in the Borough of Manhattan. Tenant shall have the same right to participate in such procedures as set forth in paragraph (a) of this Section 3.02.

Section 3.03.

(a) 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. PILOT shall be payable in equal semi-annual installments during the Tax Year, in advance on the first day of each such period of the Tax Year, such payment, on a pro-rated basis, for the period beginning with the Commencement Date and ending on October 31, 1984 to be on account of Base Rent payable pursuant to Section 3.01(a)(i).

(b) Within ten (10) days of the date on which the City Council of the City of New York (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 such Tax Year, pursuant to Section 3.03(c). In the event that the New York City Council (or any successor governmental agency) shall not have fixed the tax rate for any Tax Year on or before the twentieth day of the month which is the last month of the preceding Tax Year and Tenant shall consequently be unable to calculate the Adjusted Tax Equivalent for such Tax Year prior to the commencement of such Tax Year, Tenant shall, on the first day of such Tax Year, pay, as estimated PILOT, an amount equal to the required semi-annual PILOT payment for the preceding Tax Year. Thereafter, within ten (10) days of the date on which the City Council (or such successor agency) shall fix the tax rate, Tenant shall pay 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 Tax Year in respect of which Tenant previously paid such estimated PILOT, Tenant may either (i) credit such excess against the next payment of PILOT during such Tax Year, or (ii) deduct such excess from any corrected Supplemental Rent payable pursuant to Section 3.01(c). PILOT due for any period of less than a full Tax Year, and any installment of PILOT due for less than a semi-

annual period, shall be prorated to reflect such partial periods.

(c) For the purposes of this Section 3.03, the Adjusted Tax Equivalent shall be, (i) for each Tax Year or portion thereof ending on the last day of the Tax Year in which a temporary Certificate of Occupancy is duly issued by the New York City Department of Buildings for all residential space in the Building ("Residential TCO"), 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 3.07, an amount equal to the sum of the Land Tax Equivalent plus the Tax Equivalent less the following amounts: (A) for the two Tax Years immediately following the Tax Year in which the Residential TCO is issued, 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 (iii) for each Tax Year or portion of a Tax Year thereafter, an amount equal to the Tax Equivalent.

(d) Tenant shall be entitled to the amount of exemptions or abatements, if any, that would be available to Tenant under any law, rule, regulation or code which now or hereafter grants abatements of or exemptions or relief from real estate taxes to an owner of comparable real property in the Borough of Manhattan if Tenant were the fee owner of the Premises and would otherwise be entitled to such exemptions or abatements and if the Premises were not exempt from such taxes, provided that Tenant shall otherwise comply with all requirements of such law, rule, regulation or code.

Section 3.04. Tenant shall continue to pay the full amount of PILOT required under Section 3.03, 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 Land and/or the Building or any portion thereof or the tax rate fixed therefor by the City of New York. If any such tax reduction or other action or proceeding shall result in a final determination in Tenant's favor, Tenant shall be entitled to a credit against future PILOT to the extent, if any, that the PILOT previously paid for the Tax Year in question exceeds the higher of (i) the PILOT as so determined, or (ii) the amount set forth opposite such Tax Year on Schedule 2 hereto. If, at the time Tenant is entitled to receive such a credit the City of New York is paying interest on refunds

of real property 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.

Section 3.05. Landlord and Tenant agree that the Rental payable to Landlord shall be absolutely net to Landlord without any abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction whatsoever except as specifically set forth in Sections 3.01(c), 3.01(d), 3.03(b), 3.04, 4.03(a), 3.01a(ii)(x), 3.03(d), 9.03, 11.06(c), 26.03(b), 26.04(c), and 26.05(b) hereof so that this Lease shall yield, net, to Landlord the Base Rent and Additional Rent 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, which may arise or become due or payable during or after (but attributable to a period falling within) the Term, and that Landlord shall be indemnified by Tenant against, and held harmless by Tenant from, the same.

Section 3.06. All amounts payable by Tenant pursuant to this Lease including, without limitation, Base Rent, Additional Rent and Impositions (but excluding Transaction Payments) shall constitute Rental under this Lease and, ex-

cept as otherwise specifically provided, shall be payable in the same manner as Base Rent.

Section 3.07. Solely as a condition precedent to receiving benefits (as set forth in Section 3.03(c)) equivalent to benefits available under Section 421-a of the Real Property Tax Law ("Section 421-a"), Tenant shall comply with the following terms and conditions until the earlier to occur of the following dates: (i) the last day the owner of the Building would be required so to comply had construction of the Building commenced on 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, or (ii) the twenty-seventh (27th) anniversary of the Commencement Date (whichever date is applicable is hereinafter referred to as the "Release Date").

(a) Tenant shall enjoy such rights and observe such requirements pertaining to the rental of dwelling units in the Building (including rent increases authorized by virtue of section 4.2 of the rules and regulations governing the Section 421-a partial tax exemption program and all other rent increases permitted by applicable laws or regulations), as would be avail-

able or applicable to the owner of the Building pursuant to the Emergency Tenant Protection Act of 1974, Title YY of Chapter 51 of the Administrative Code of the City of New York, and the Code of the Real Estate Industry Stabilization Association of New York City, Inc., as well as regulations promulgated pursuant thereto, all as heretofore and hereafter amended (collectively, the "Rent Regulations"), had construction of the Building commenced on the Commencement Date and the Rent Regulations applicable to buildings whose construction commenced on the Commencement Date been applicable to the Building 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 apply for membership in, and/or submit itself to the jurisdiction of, the real estate industry stabilization association registered with the New York City Department of Housing Preservation and Development, pursuant to §YY51-6.0 of the Administrative Code or any successor association administered by the State of New York or City of New York, or the appropriate State or City housing agency having jurisdiction over rent stabilized buildings ("Stabilization Associa-

tion"). Upon joining or submitting to the jurisdiction of the Stabilization Association, Tenant shall comply with all of the requirements thereof and shall remain a member in good standing thereof, and/or subject to the jurisdiction thereof, or of any successor association or agency, until the Release Date.

(c) In the event that Tenant fails to become a member, or to subject itself to the jurisdiction, of the Stabilization Association prior to the issuance of a temporary or permanent Certificate of Occupancy for any dwelling unit in the Building in accordance with the provisions of the preceding paragraph (b), Tenant shall nevertheless comply with all of the requirements of the Rent Regulations as if Tenant had become a member or had submitted to the jurisdiction of such Stabilization Association, and in such case a Rent Officer appointed by Landlord shall administer with respect to Tenant a program of regulations equivalent to the Rent Regulations (the "Rent Program"). The authority of the Rent Officer shall be limited to implementing and administering the Rent Program. Tenant shall pay to Landlord administration fees in a per unit amount equal to fees and dues paid by owners of comparable properties which are enrolled in the Stabilization Association, or its

successor, such fees to 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) Noncompliance by Tenant with the Rent Regulations or with the Rent Program, as the case may be, shall cause Tenant to be subjected to such sanctions and penalties as would be imposed by the Stabilization Association and/or the governmental agencies having jurisdiction, 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 the Stabilization Association and/or agencies actually have jurisdiction over Tenant or whether the Rent Program is being implemented and administered by the Rent Officer on behalf of Landlord. In the event Tenant fails to remain a member in good standing, or subject to the jurisdiction, of the applicable rent regulatory regime, because its membership or participation in, or registration with, the Stabilization Association or its successor, or the Rent Program has terminated or been revoked, 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 Title "Y" of Chapter 51 of the New York City Administrative Code, as heretofore and hereafter amended, or any successor, State or City housing agency having jurisdiction over owners of buildings receiving partial tax exemption under Section 421-a upon such a termination or revocation (the "Rent Control Sanction"). In the event Tenant's membership or participation in the Rent Program is terminated or revoked, Tenant shall be subject to the Rent Control Sanction 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 dwelling units in the Building shall be regulated in accordance with the rent control laws or regulations or successor laws or regulations, by the government agency having jurisdiction or by the Rent Officer, as the case may be. Failure by Tenant to submit to the Rent Control Sanction or to comply with the rent control laws and regulations or successor laws and regulations, as administered by the governmental agency having jurisdiction, or their equivalent as administered by the Rent Officer,

shall, at Landlord's option, constitute an Event of Default hereunder.

(e) Tenant shall comply with all of the requirements of Section 421-a 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 3.03 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) Whether subject to the Rent Regulations or the Rent Program, the initial rents permitted to be

charged by Tenant to Subtenants of dwelling units shall be the maximum allowable rents as determined by the New York City Department of Housing Preservation and Development or such other State or City agency having jurisdiction thereof, 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 or successor law and regulation, provided that, in addition to such allowable rents, Tenant shall be entitled to charge amounts equal to Civic Facilities Payments in accordance with and subject to the provisions of paragraph (g) of this section.

(g) Notwithstanding anything to the contrary contained in paragraphs (a) through (f) of this Section, provided such charge and collection is not prohibited by any applicable law, rule or regulation, Tenant, in addition to any rents permitted to be charged and collected pursuant to the Rent Regulations or Rent Program, shall be permitted to charge and collect from all Subtenants in the aggregate an additional amount equal to the Tenant's Civic Facilities Payment. Such payment shall be based on each Subtenant's pro-rata share of the Civic Facilities Payment, apportioned according to the size of the unit.

(h) Tenant's obligations under this Section 3.07 shall cease upon the Release Date.

(i) Each Sublease for a unit shall contain a provision advising the Subtenant that rents for the unit are regulated pursuant to the terms of this Lease, under the Rent Regulations or the Rent Program, as the case may be. Upon request by any Subtenant, Tenant shall make available to such Subtenant a copy of the Rent Regulations or the Rent Program. If Tenant becomes subject to the jurisdiction of the Rent Officer after execution of the Sublease, Tenant shall promptly give each Subtenant written notice of same by registered or certified mail, postage prepaid, return receipt requested.

(j) Tenant may convert the Building to either cooperative form of ownership or condominium form of ownership pursuant and subject to the terms and provisions of this Lease. In the event of a Conversion, Tenant shall be subject to the Rent Program or the Rent Regulations only if and to the extent that the Rent Regulations would be applicable to a building (w) which had received partial tax exemption under Section 421-a, (x) whose cooperative or condominium conversion occurred at the same time as the Conversion of the Building, (y)

which had the same proportion of its residential units subject to tenancies at the time of such conversion as had the Building at the time of Conversion and (z) whose construction commenced on the Commencement Date (all such buildings with characteristics w, x, y and z, "Comparable Buildings").

(k) Unit Owners shall be subject to the provisions of the Rent Regulations or the Rent Program only if and to the extent that the Rent Regulations would be applicable to owners of condominium or cooperative units in Comparable Buildings.

Section 3.08. Sponsor shall pay Landlord with respect to each Unit Sale the sum of Two Thousand One Hundred Fifty Dollars ($2,150.00) (Subject to CPI Indexing) ("Transaction Payment"). Upon the effectuation of a Conversion, the Sponsor shall pay to Landlord the Transaction Payments due with respect to Unit Sales consummated on or prior to the Conversion and shall either deliver to Landlord (i) a guarantee by a Person reasonably acceptable to Landlord, containing such terms and provisions as are reasonably acceptable to Landlord, pursuant to which the guarantor agrees unconditionally to guarantee the obligation of Sponsor to pay Transaction Payments with respect to subsequent Unit Sales by Sponsor, or (ii) such other security reasonably satisfactory to

Landlord for payment of Transaction Payments with respect to subsequent Unit Sales by Sponsor. Payment with respect to a Unit Sale effectuated after a Conversion shall be made on or prior to the consummation of such Unit Sale. The Sponsor may, at any time, before or after Conversion, elect to prepay the Transaction Payment payable with respect to the sale of any one or more Units, and if the Sponsor makes such prepayment, the amount of the Transaction Payment shall be computed as of the date the Sponsor so prepays the same. In no event shall a Transaction Payment be payable with respect to the resale of any Unit for which a Transaction Payment has previously been paid, it being the intent and the purpose of the parties hereto that Landlord shall be entitled to receive a Transaction Payment only once with respect to each Unit. Upon payment of a Transaction Payment, Landlord shall deliver to Tenant or the Sponsor a certificate evidencing such payment ("Transaction Certificate"), and the Condominium Plan or the Cooperative Plan, as the case may be, shall condition the effectiveness of a Unit Sale by Sponsor upon delivery of a Transaction Certificate. A Unit Sale with respect to which a Transaction Certificate is not delivered by Landlord shall be absolutely void and of no force or effect.

SCHEDULE 1

BASE RENT

Lease Year	
1	152,000
2	152,000
3	192,000
4	199,680
5	207,667
6	215,974
7	224,613
8	233,597
9	242,941
10	252,659
11	262,765
12	273,276
13	284,207
14	295,575
15	307,398
16	319,694
17	332,482
18	345,781
19	359,612
20	373,997
21	388,957
22	404,515

23	421,321
24	438,173
25	455,699

SCHEDULE 2

Tax Year*	
1	698,000
2	698,000
3	658,000
4	650,320
5	882,333
6	874,026
7	1,105,387
8	1,096,403
9	1,197,059
10	1,292,341
11	1,387,235
12	1,481,724
13	1,575,793
14	1,669,425
15	1,772,602
16	1,795,306
17	1,782,518
18	1,769,219
19	1,755,388
20	1,741,003

* For the purposes of this Lease, the first Tax Year is July 1, 1984 through June 30, 1985.

21	1,726,043
22	1,710,485
23	1,693,679
24	1,676,827
25	1,659,301

ARTICLE 4

IMPOSITIONS

Section 4.01. Tenant covenants and agrees to pay, as hereinafter provided, all Impositions (as defined below) which are imposed by any Governmental Authority other than Battery Park City Authority or any corporate successor or subsidiary, direct or indirect, of Battery Park City Authority (New York City not to be deemed such a corporate successor) and which are not solely applicable to the Project Area, to properties which are exempt from the payment of Taxes, or to lessees of any of the foregoing. Impositions shall mean (a) real property assessments (not including Taxes), (b) personal property taxes, (c) water, water meter and sewer rents, rates and charges, (d) excises, (e) levies, (f) license and permit fees, (g) service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any, (h) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto, and (i) 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, 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 be (1) assessed, levied, confirmed, imposed upon, or would grow or become due and payable out of or in respect of, or would be 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, the use and occupancy thereof by Tenant, or this transaction, 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, each such Imposition, or installment thereof, during the Term to be paid to the appropriate imposing authority not later than ten (10) days prior to the Due Date thereof; provided, however, that 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, or the date of any termination of this Lease not attributable to an Event of Default hereunder, whichever shall be earlier, shall be made prior to the Expiration Date.

Section 4.02. Tenant, from time to time upon request of Landlord, shall promptly after Tenant's receipt thereof furnish to Landlord official receipts of the appropriate imposing authority, or other evidence reasonably satisfactory to Landlord, evidencing the payment thereof.

Section 4.03.

(a) "Taxes" shall mean the real property taxes assessed and levied against the Premises or any part thereof pursuant to the provisions of Chapter 58 of the Charter of New York City and Chapter 17, Title E, of the Administrative Code of The City of New York or any successor statute or statute in lieu thereof and which would otherwise be payable if the Premises or any part thereof or the owner thereof were not exempt therefrom. If New York City or any Person, except

the State of New York, or a bureau or department of the State of New York, or a public benefit corporation of the State of New York, or an agency or authority of the State of New York which is, or whose real property is, exempt from the payment of Taxes, shall become Landlord hereunder, or if Landlord shall for any reason no longer be exempt from the payment of Taxes, Landlord shall pay the Taxes on or before the due date thereof. Landlord shall have the right, at its own cost and expense, after consultation with Tenant, 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, provided that neither the Premises nor any part thereof, or interest therein or any income therefrom, or any assets of Tenant, would, by reason of such deferment, be forfeited or lost, or subjected to any lien, encumbrance or charge and neither Landlord nor Tenant would, by reason thereof, be subject to any civil or criminal liability. Landlord shall not, without Tenant's prior written consent, enter into a settlement of any such contest if such settlement would affect the amount of PILOT payable by Tenant under this Lease. If Landlord shall have failed to pay the Taxes as required hereunder and shall not have timely commenced a proceeding to contest same, or shall have timely commenced a proceeding to contest the Taxes but failure to pay the Taxes during the pendency of such proceeding would result in the loss or forfeiture of the Premises and the

termination of Tenant's interest under this Lease or subject Tenant's interest in the Premises or any part thereof or any assets of Tenant to any lien, encumbrance or charge or subject either Landlord or Tenant to any civil or criminal penalty, then Tenant may pay such unpaid Taxes and any interest, fines and penalties thereon and deduct such payment from the next installments of PILOT (and, to the extent, if any, that such payment shall exceed the next installment of PILOT, from the next installment(s) of Base Rent) payable under the Lease. Nothing contained herein shall be construed to release Tenant from its obligation to pay Impositions other than Taxes as provided in this Article 4.

(b) Nothing herein contained shall require Tenant to pay municipal, state or federal income, gross receipts, inheritance, estate, succession, transfer or gift taxes of Landlord, or any corporate franchise tax imposed upon Landlord or any transfer tax imposed on Landlord by reason of this Lease or the transfer of any interest of Landlord or Master Landlord in this Lease or the Master Lease.

Section 4.04. Any Imposition relating to a period a part of which is included within the Term and a part of which is included in a period of time before the Commencement Date or after the date definitely fixed in Article 2 hereof for the expiration of the Term or the Expiration Date

(whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable, during the Term) shall be apportioned between Landlord and Tenant as of the Commencement Date, such date definitely fixed for the expiration of the Term, or the date of any earlier termination of this Lease not attributable to an Event of Default hereunder, as the case may be, so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period of time after the Commencement Date or before such date definitely fixed for the expiration of the Term or the date of such earlier expiration bears to such fiscal period, and Landlord shall pay the remainder thereof. Other than in respect of Impositions relating, in part, to a period of time before the Commencement Date, no such apportionment of Impositions shall be made if this Lease is terminated prior to the Expiration Date as the result of an Event of Default.

Section 4.05. Tenant shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, in which event, notwithstanding the provisions of Section 4.01 hereof, payment of such Imposition may be postponed if, and only as long as:

(a) neither the Premises nor any part thereof, or interest therein or any income therefrom (except to the extent covered by security deposited in accordance with this Section 4.05), or any other assets of or funds appropriated to Landlord, would, by reason of such deferment, be forfeited or lost, or subjected to any lien, encumbrance or charge and neither Landlord nor Tenant, would by reason thereof be subject to any civil or criminal liability; and

(b) Tenant shall have deposited with, at Tenant's option, either Landlord or 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 all costs, fees (including attorney's fees and disbursements), interest, penalties and other liabilities in connection therewith, and upon such payment, Landlord or Depository, as the case may be, shall return, with interest, if any, any amount deposited with it with respect to such Imposition as aforesaid, provided, however, that Landlord or Depository, as

the case may be, at Tenant's request or upon Tenant's failure to do so in a timely manner so as to avoid any forfeiture, loss, charge, lien, encumbrance, or criminal or civil liability, shall disburse said monies on deposit with it directly to the imposing authority to which 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 proceeding, Landlord, acting reasonably, shall deem insufficient the amount deposited as aforesaid, Tenant, upon demand, shall make an additional deposit of such additional sums or other acceptable security as Landlord reasonably may request, and upon failure of Tenant to do so, the amount theretofore deposited may be applied by Landlord to the payment, removal and discharge of such Imposition and the interest and penalties in connection therewith and any costs, fees (including attorney's fees and disbursements) or other liability accruing in connection with any such proceedings, and the balance, if any, and any interest earned thereon shall be returned to Tenant or the deficiency, if any, shall be paid by Tenant to Landlord on demand. Nothing contained in this Section 4.05 shall be deemed to limit Tenant's obligation to make the deposits provided for in Article 5 of this Lease.

Section 4.06. Tenant shall have the right to seek a reduction or reductions 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 serve to defer Tenant's obligation to pay any Imposition except in accordance with the provisions of Section 4.05 hereof.

Section 4.07. Landlord shall not be required to join in any proceedings referred to in Sections 4.05 or 4.06 hereof unless the provisions of any law, rule or regulation in effect at the time shall require that such proceedings be brought by and/or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings and/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. Tenant shall promptly reimburse Landlord for any and all costs or expenses, including, but not limited to, reasonable attorneys' fees, which Landlord may sustain or incur in connection with any such proceedings. In the event Tenant institutes a proceeding referred to in Sections 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 set forth hereinabove, cooperate with Tenant in such proceeding.

Section 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

Section 5.01.

(a) In the event that there shall be an Event of Default (i) with respect to payment of Rental or any other monetary obligation hereunder or (ii) under Section 24.01(f), (g), (h) or (i), then (x) for so long as the Default which is the basis for the Event of Default referred to in (i) above shall remain uncured, and for a period of one year after the date on which such Default shall be cured or (y) in case of an Event of Default referred to in (ii) above, for a period commencing upon the occurrence of such Event of Default and ending upon the date that the Default which is the basis for such Event of Default shall be cured or, failing such cure, upon the date any Mortgagee, in accordance with the applicable provisions of this Lease, obtains possession of the Premises or takes a new lease of the Premises, Tenant shall make deposits for Impositions in accordance with this Section 5.01 and shall otherwise be subject to this Article 5.

(b) In order to assure the payment of all Impositions, Tenant, upon the written demand of Landlord after the occurrence of an Event of Default described in paragraph (a) above, shall deposit with Depository on the first day of each and every month during the Term, an amount equal to one-twelfth

(1/12th) of the annual Impositions then in effect, as reasonably estimated by Landlord.

(c) If, at any time, the monies so deposited by Tenant shall be insufficient to pay in full the next installment of Impositions then due, Tenant shall, after Landlord's demand therefor, deposit the amount of the insufficiency with Depository to enable Depository to pay the next installment of Impositions on or prior to ten (10) days prior to the Due Date thereof.

(d) 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.

(e) If, at any time, the amount of any Imposition is increased or Landlord receives information that an Imposition will be increased and the monthly deposits then being made by Tenant under this Article would be insufficient to pay such Imposition ten (10) days prior to the Due Date thereof and Landlord so notifies Tenant of such fact, the monthly deposits shall thereupon be increased commencing with the first deposit payable after such notice, in order that Depository shall have sufficient monies for the payment of the next, increased installment of Impositions ten (10) days prior to the Due Date thereof (or, in the event no such

monthly deposit is payable by Tenant before said tenth (10th) day, Tenant shall, on Landlord's demand, deposit immediately with Depository sufficient monies for the payment of the next, increased installment of Impositions). Thereafter, the monthly payments shall be adjusted so that Depository shall receive from Tenant sufficient monies to pay each Imposition at least ten (10) days prior to the Due Date of such Imposition.

(f) For the purpose of determining whether Depository has on hand sufficient monies to pay any particular Imposition at least ten (10) 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 item not yet due and payable for the payment of an item that is due and payable.

(g) Notwithstanding the foregoing, deposited monies may be held by Depository in a single bank account.

(h) If this Lease shall be terminated by reason of any Event of Default or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 24.03(b) hereof, all deposited monies under this Article 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.

(i) Any interest paid on monies deposited pursuant

to this Article shall be applied pursuant to the foregoing provisions against amounts thereafter becoming due and payable by Tenant.

(j) In the event that the Mortgagee shall require Tenant to deposit funds to insure payment of Impositions, any amount so deposited by Tenant shall be credited against the amount, if any, which Tenant would otherwise be required to deposit under this Article 5.

(k) If at the end of any period referred to in Section 5.01(a) for the payment of deposits for Impositions Tenant shall not be in Default with respect to payment of Rental or any other monetary obligation under this Lease, the requirement set forth in said section that Tenant make deposits shall cease and Depository shall refund to Tenant any balance held by Depository pursuant to said section, with interest, if any, earned thereon, after deducting from the aggregate of such balance and interest such amount as Depository may then be entitled to deduct pursuant to Section 41.04.

Section 5.02. If Landlord ceases to have any interest in the Premises, Depository shall continue to hold the deposits made pursuant to Section 5.01 in the special account referred to therein, subject to the provisions of said section. If appropriate, the name on the account shall be changed by reason of Landlord's ceasing to have any interest in the Premises. Upon notice from Landlord to Tenant of

Landlord's transfer of said interest, Landlord shall be deemed to be released from all liability with respect to said deposits and Tenant agrees to look solely to Depository and/or the transferee of Landlord's interest, as the case may require, with respect thereto.

ARTICLE 6

LATE CHARGES

In the event that any payment of Rental payable to Landlord shall not be received on or before the tenth (10th) day after the due date thereof pursuant to this Lease, a late charge on the sums so overdue equal to the Prime Rate plus two percent (2%) per annum, for the period from the due date to the date of receipt of payment, shall become due and payable to Landlord as liquidated damages for the administrative costs and expenses incurred by Landlord by reason of Tenant's failure to make prompt payment. Any such late charge shall be payable by Tenant on demand and shall constitute Rental under this Lease. No failure by Landlord to insist upon the strict performance by Tenant of its obligations to pay late charges 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. In the event that Tenant shall pay estimated Supplemental Rent and PILOT in accordance with Sections 3.01(c) and 3.03(b), the excess, if any, of the amounts finally determined to be due under Sections 3.01(c) and 3.03(b) over the estimates paid thereunder shall not be subject to the imposition of a late charge under this Article 6.

ARTICLE 7

INSURANCE

Section 7.01.

(a) Tenant at its sole cost and expense shall, upon Substantial Completion of the Building and at all times thereafter throughout the Term:

(i) keep the Building insured under an "All Risk of Physical Loss" form of policy, including, without limitation, coverage for loss or damage by water, flood, subsidence, earthquake (excluding, at Tenant's option, from such coverage normal settling only) and, when and to the extent generally obtainable from the United States government or an agency thereof, war risks ; such insurance to be written on an "Agreed Amount" basis, 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 year, 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 comprehensive 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 be reasonably required by Landlord, but not less than Fifty Million Dollars ($50,000,000) combined single limit inclusive of primary, umbrella and following form excess policies for liability for bodily injury death and property damage and owner's-contractor protective liability coverage (provided that, in the event of either an assignment of this Lease or any portion of Tenant's interest hereunder to a cooperative corporation or a condominium form of ownership, such cooperative corporation or condominium owners shall maintain such insurance in such amounts as may from time to time be reasonably required by Landlord with regard to such amounts as, at the time in question, are customarily carried by prudent owners of like cooperative or condominium buildings in the Borough of Manhattan, but with limits of not less than Two Million Dollars

($2,000,000) in respect of bodily injury or death to any one person and Five Million Dollars ($5,000,000) in respect of bodily injury or death to any number of persons in any one accident and not less than Five Hundred Thousand Dollars ($500,000) for damages to property), (B) include the Premises, and all alleys and sidewalks adjoining or appurtenant to the Premises, (C) be of a blanket contractual nature and shall contain an agreement by the insurer to indemnify and hold Landlord and Master Landlord harmless from and against all cost, expense 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) also provide the following protection:

(1) completed operations;

(2) the broad form comprehensive general liability endorsement (or coverage equivalent thereto) voiding all exclusions relating to restrictive contractual and employee coverage; and

(3) water damage legal liability;

(iii) provide and keep in force workers' compensation insurance providing statutory New York State benefits for all persons employed by Tenant at or in connection with the Premises with an Employer's Liability Coverage limit of $100,000/ $100,000/$500,000 with such policy included in the underlying schedule of any umbrella and following form excess policy;

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

(v) if a sprinkler system shall be located in any portion of the Building, provide and keep in force sprinkler leakage insurance in amounts approved by Landlord, which approval shall not be unreasonably withheld or delayed, and shall be deemed given if Landlord fails to notify Tenant of its disapproval within twenty (20) days after receipt of the policy, certificate or Acceptable

Binder (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 One Million Dollars ($1,000,000) Combined Single Limit with such coverage to be included in the underlying schedule of any umbrella or following form excess policy; and

(viii) provide and keep in force such insurance in such amounts as may be required by the Master Lease or 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 this Section 7.01 (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. The coverage provided by Tenant as required by Sections 7.01(a)(i), (ii), (v), (vi) and (vii) and any other coverage, if required by any Mortgagee, also shall name each Mortgagee as an additional insured under a standard mortgagee clause.

(c) 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 except as required by the Master Lease, provided that the types or amounts of such coverage shall never be different from or

less than, as the case may be, the types or amounts specifically required hereunder. 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.

Section 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 (other than Rent Insurance) shall be payable to Depository, except that amounts of less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing) shall be payable in trust directly to Tenant for application to the cost of Restoration in accordance with Article 8. Rent Insurance shall be carried in favor of Landlord, Master Landlord and Tenant, as their respective interests appear, but the proceeds thereof ("Rent Insurance Proceeds") shall be paid to Depository. Depository shall pay to Landlord an amount equal to the Base Rent, PILOT, Supplemental Rent and Civic Facilities Payments payable for the period for which Rent Insurance Proceeds are received multiplied by the fraction, the numerator of which shall be the number of dwelling units in the Building for which Rent Insurance Proceeds are received and the denominator of which shall be the total number of dwelling units in the Building, and

Landlord shall accept such payment on account of Tenant's obligations for such Base Rent, PILOT, Supplemental Rent and Civic Facilities. Depository shall pay the balance of the Rent Insurance Proceeds to Tenant. All insurance required by any provision of this Lease shall be in such form and shall be issued by such responsible companies licensed to do business in the State of New York as are reasonably acceptable to Landlord, such insurance policy to be deemed acceptable to Landlord if Landlord fails to notify Tenant of its unacceptability within thirty (30) days after receipt of such policy. Any insurance company so licensed and rated by Best's Insurance Reports (or any successor publication of comparable standing) as A (Excellent) Class XII 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, at no expense to Landlord, and for periods of not less than one (1) year. The originals of such policies or certified copies thereof shall be delivered to Landlord immediately upon receipt from the insurance company or companies unless such originals are required to be held by any Mortgagee, in which event, certificates with respect thereto, or if any insurance is carried by Tenant in blanket, primary, umbrella or following form excess policies, certified abstracted policies relating to the Premises, shall be so delivered to Landlord, together with proof satisfactory to Landlord that the then current installment of premiums there-

on has been paid, provided, that Landlord shall not, by reason of custody of such policies, be deemed to have knowledge of the contents thereof. New or renewal policies replacing any policies expiring during the Term shall be delivered as aforesaid at least twenty (20) days before the date of expiration. Alternatively, (i) at least twenty (20) days before such date of expiration, Tenant shall deliver to Landlord Acceptable Binders for each such new or renewal policy or certificates with respect thereto (each such Acceptable Binder or certificate or any certified copy delivered by Tenant pursuant to this Lease to be signed by an authorized officer or employee of the insurance company which shall issue the underlying policy) together with proof of payment of premiums as aforesaid, (ii) no later than twenty (20) days after such date of expiration, Tenant shall deliver to Landlord a certified copy of the declaration page of, or a certificate with respect to, each such new or renewal policy showing amounts of coverage and limits of liability (and, in addition, with respect to any insurance carried by Tenant in blanket, umbrella, or following form excess policies including all liability coverage in the underlying schedule of any umbrella or following form excess policy, schedules showing the location of premises covered thereby and the amounts of insurance afforded by the policies applicable to the Premises), and (iii) in any event, promptly after receipt thereof, Tenant shall deliver to Landlord each such new or renewal

policy or a certificate with respect thereto or a certified copy or a duplicate original of each such policy. 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 cancelling the policies or reducing the amount of loss payable thereunder, provided, however, that premiums may be paid in installments in accordance with the provisions of the applicable policies.

(b) Tenant and Landlord shall cooperate in connection with the collection of any insurance monies 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 monies. Tenant shall not name any Subtenant or any owner or proprietary sublessee of a Unit as a named or additional insured in any insurance policy required under this Article 7 unless such Subtenant's Sublease, the Cooperative Plan or proprietary sublease or Condominium Plan contains a provision requiring such Subtenant or such owner or Sublessee to comply with the obligations imposed upon Landlord and Tenant in the preceding sentence. Tenant shall reimburse Landlord for any and all costs or expenses which Landlord may sustain or incur in connection therewith.

(c) Tenant shall not obtain separate insurance (other than personal injury liability insurance) concurrent

in form or contributing in the event of loss with that required by this Lease to be furnished by Tenant, unless Landlord is included therein as an additional insured to the extent of its insurable interest and each Mortgagee is included therein as an additional insured with loss payable as provided in this Lease. Tenant immediately shall notify Landlord if any such separate insurance is obtained and shall cause the policies therefor or certificates with respect thereto or certified abstracts thereof to be delivered as elsewhere required in this Article.

(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 Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing) shall be made with Landlord, Tenant and any Mortgagee named as an additional insured. In the event that (i) the amount offered by Tenant's insurer in adjustment of a claim covered by the preceding sentence equals or exceeds the estimated cost of the Restoration as determined in accordance with Section 8.02(b) with respect to the loss, damage or destruction which is the basis of such claim or (ii) any such Restoration is completed prior to the adjustment of the applicable claim, Landlord shall consent to such adjustment. Any adjustments for claims with the insurers involving sums of less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing) shall be

made with Tenant. Landlord and Tenant agree to act reasonably in adjusting claims covered by this Section 7.02(d).

(e) All Rent Insurance shall provide in substance that all adjustments for claims with the insurers shall be made with Landlord and Tenant. Landlord and Tenant agree to act reasonably in adjusting claims covered by this Section 7.02(e). Tenant may maintain a separate business interruption insurance policy provided the carrying of such policy will not have any adverse effect upon recovery of claims under any insurance policy which Tenant is required to maintain pursuant to the terms hereof.

(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 all applicable requirements of the companies writing such policies so that at all times companies of good standing, satisfactory to Landlord, shall be willing to write and continue such insurance.

(g) Each policy of property insurance required to be obtained by Tenant as herein provided and each certificate with respect thereto issued by the insurer shall contain (i) a provision that no act or omission or negligence of Tenant or any other named insured or violation of warranties, decla-

rations 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) if any insurance policy sets forth one or more restrictions with respect to the performance of any work in or about the Building or the purposes for which the Premises may be occupied or used, an agreement that the coverage afforded by such policy shall not be affected, as the case may be, by the performance of any such work 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, (iii) a waiver by the insurer of any claim for insurance premiums against Landlord or any named insured or additional insured other than Tenant, and (iv) a waiver of subrogation by the insurers of any right to recover the amount of any loss resulting from the negligence of Tenant or Landlord or their respective agents, employees or licensees. In addition, each policy of insurance required to be obtained by Tenant as herein provided and each certificate with respect thereto issued by the insurer shall contain 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.

(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 adopted throughout the insurance industry and (ii) such other basis shall be accepted by most prudent owners of like buildings and improvements and most Institutional Lenders, then Tenant may provide and keep in force liability insurance written on such other basis.

Section 7.03. In the event that there shall be an Event of Default (a) with respect to payment of Rental or any other monetary obligation hereunder or (b) under Section 24.01 (f), (g), (h) or (i), then (x) for so long as the Default which is the basis for the Event of Default referred to in (a) above shall remain uncured, and for a period of one year after the date on which such Default shall be cured, or (y) in case of an Event of Default referred to in (b) above, for a period commencing upon the occurrence of such Event of Default and ending upon the date that the Default which is the basis for such Event of Default shall be cured or, failing such cure, upon the date any Mortgagee, in accordance with the applicable provisions of this Lease, obtains possession of the Premises or takes a new lease of the Premises, Tenant, on the written demand of Landlord after the occurrence of any such Event of Default, shall deposit with Depository on the first day of each and every month during such period an amount equal to one-twelfth (1/12th) of the annual insurance premi-

ums payable in respect of coverage required to be maintained by Tenant hereunder, as reasonably estimated by Landlord, unless such insurance premiums are required to be (and are) deposited with a Mortgagee. If at any time such 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 Article would be insufficient to pay such insurance premiums ten (10) days prior to the due date thereof, the monthly deposits shall, on Landlord's demand, thereupon be increased commencing with the first deposit payable after such notice in order that Depository shall have sufficient monies for the payment of the next, increased insurance premium ten (10) days prior to the due date thereof (or, in the event no such monthly deposit is payable by Tenant before said tenth (10th) day, Tenant shall, on Landlord's demand, deposit immediately with Depository sufficient monies for the payment of the next, increased insurance premium). Thereafter, the monthly deposits shall be adjusted so that Landlord shall receive from Tenant sufficient monies to pay the insurance premiums at least ten (10) days before the insurance premiums become due and payable. If at the end of any period referred to in this Section 7.03 for the payment of deposits for insurance premiums Tenant shall not be in Default with respect to payment of Rental or any other monetary obligation under this Lease, the requirement that Tenant make deposits shall cease and Deposi-

tory shall refund to Tenant any balance then held by Depository with interest, if any, earned thereon, after deducting from the aggregate of such balance and interest such amount as Depository may then be entitled to deduct pursuant to Section 41.04.

Section 7.04. The insurance required by this Lease, at the option of Tenant, may be effected by blanket, primary, umbrella or following form excess policies including all liability coverage in the underlying Schedule of any umbrella or following form excess policy issued to Tenant covering the Premises and other properties owned or leased by Tenant or any affiliate of Tenant, 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, umbrella or following form excess policies, Tenant shall furnish to Landlord and to each Mortgagee certified copies or duplicate originals of such policies, or certified abstracts thereof, showing all coverage relating to the Premises, in place of the originals, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Premises, and in addition, within thirty (30) days after the filing thereof with any insurance

rate-making body, copies of the schedule or make-up of all improvements affected by any such blanket or umbrella policy or insurance.

Section 7.05. In place of any policy of insurance required to be provided by Tenant under this Lease, Tenant may provide one or more other policies of insurance which shall be reasonably satisfactory to Landlord, so long as the types and amounts of coverage kept in force by Tenant at no time shall be different from or less than the types or amounts specifically required under this Lease.

Section 7.06. Notwithstanding any other provision of this Article, Tenant shall at all times throughout the Term provide and keep in force insurance of the type and at least in the amounts required under the Master Lease.

ARTICLE 8

USE OF INSURANCE PROCEEDS

Section 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 immediate notice thereof, except that no notice shall be required if the estimated cost of Restoration necessitated by such destruction or damage shall be less than Five Thousand Dollars ($5,000) (Subject to Indexing), and Tenant, at its sole cost and expense, whether or not insurance with respect to such damage or destruction shall have been in force at the time of the occurrence thereof, and whether or not insurance proceeds, if any, shall suffice to pay the cost of Restoration, with reasonable diligence (subject to Unavoidable Delays) shall Restore the Building or the portion thereof so damaged or destroyed to at least the same value and as nearly as possible to the condition, quality and class as the Building existing immediately prior to such occurrence, with such changes or alterations as Tenant, with the prior consent of Landlord as provided for herein, shall elect to make, provided that, after the Restoration, the

Building is in substantial conformity with the Master Development Plan, the Design Guidelines, and, in the event such Restoration is commenced within ten (10) years after Substantial Completion of the Building, the Plans and Specifications, and Landlord in no event shall be called upon to Restore any Building now or hereafter existing or any portion thereof or to pay any of the costs or expenses thereof. If Tenant shall fail to commence to Restore with reasonable diligence (subject to Unavoidable Delays) the Building or the portion thereof so damaged or destroyed, and such failure shall continue for thirty (30) days after notice thereof from Landlord to Tenant, or having so commenced such Restoration, shall fail to pursue and complete the same with reasonable diligence (subject to Unavoidable Delays) in accordance with the terms of this Lease, and such failure shall continue for thirty (30) days after notice thereof from Landlord to Tenant (unless such Restoration requires work to be performed which cannot by its nature reasonably be performed within such thirty (30)-day period and Tenant fails to diligently pursue the performance of such work during such period) or if prior to the completion of any such Restoration by Tenant, this Lease shall be terminated by reason of Tenant's Default, Landlord may, but shall not be required to, complete such Restoration, and Tenant shall pay to Landlord, on demand, all costs and expenses of such completion in excess of the insurance proceeds (other than proceeds of Rent Insurance) re-

ceived by Landlord on account of such damage or destruction. 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 the remainder, if any, of the Restoration Funds previously received by it.

Section 8.02.

(a) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, Section 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") but, in no event, to any extent or in any sum exceeding the amount actually collected by Depository upon the loss; provided, however, that Depository, before paying such monies over to Tenant, shall be entitled to reimburse itself, Landlord and Mortgagee therefrom to the extent, if any, of the necessary and proper expenses paid or incurred by Depository, Landlord and Mortgagee in the collection of such monies. Depository shall pay to Tenant, as hereinafter provided, the

Restoration Funds, for the purpose of the Restoration by Tenant of the Building. Tenant shall restore the Building to a value which shall be not less than its value immediately prior to such fire or other casualty.

(b) Prior to the making of any Restoration, Tenant shall furnish Landlord with an estimate of the cost of such Restoration, prepared by a licensed professional engineer or registered architect, who shall be selected by Tenant, which estimate and engineer or architect shall be approved by Landlord, which approval shall not be unreasonably withheld. If Landlord does not notify Tenant of its disapproval of the estimate, engineer or architect within ten (10) business days of notice thereof, it shall be deemed to have approved such estimate, engineer or architect. Landlord, at its election, 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. Any reference in this Article 8 to the estimated cost of any Restoration shall mean such estimate as shall be determined in accordance with this Section 8.02(b).

(c) No Restoration which involves work which affects the structural portion of the Building shall be com-

menced until Tenant shall have delivered to Landlord insurance policies with respect to the Premises or certificates with respect to such policies or certified copies or duplicate originals of such policies issued by responsible insurers, bearing notations evidencing the payment of the then current installment of premiums thereon or accompanied by other evidence satisfactory to Landlord of such payments, for the insurance specified in Section 11.03(a)(iv). Alternatively, (i) at least five (5) days before the date any such Restoration shall be commenced, Tenant shall deliver to Landlord Acceptable Binders for each such policy of insurance or certificates with respect thereto, together with proof of payment as aforesaid, (ii) no later than twenty (20) days after such commencement date, Tenant shall deliver to Landlord a certified copy of the declaration page of, or a certificate with respect to, each policy (or a certified copy thereof) showing amounts of coverage and limits of liability (and, in addition, with respect to any insurance carried by Tenant in blanket, umbrella, or following form excess policies, schedules showing the location of premises covered thereby and the amounts of insurance afforded by the policies applicable to the Premises), and (iii) in any event, promptly after receipt thereof, Tenant shall deliver to Landlord each such policy or a certified copy or a duplicate original of each such policy. Tenant, at no cost or expense to Landlord, shall keep in full force and effect, or cause to be kept in

full force and effect, such insurance until completion of such Restoration. 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 Restoration 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 the Restoration, shall obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies. Landlord and Tenant shall comply with the provisions of Section 7.02 hereof to the extent applicable to the insurance required by this Section 8.02(c).

(d) The Restoration Funds shall be paid to Tenant from time to time thereafter in installments as the Restoration progresses, upon application to be submitted by Tenant to Landlord for approval and to Depository, showing the cost of labor and materials purchased and delivered to the Premises for incorporation in the Restoration since the last previous application, and due and payable or paid by Tenant. Landlord shall not disapprove an application if such application and Tenant are in compliance with the provisions of this Section 8.02, Sections 8.03, 8.04 and, if applicable, 8.05. Landlord shall be deemed to have approved the application if Landlord does not notify Tenant and Depository of

its disapproval within ten (10) business days after submission 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 of Restoration Funds until such lien is satisfied or otherwise discharged. The preceding sentence notwithstanding, the existence of any such lien shall not preclude Tenant from receiving any further installment of Restoration Funds, provided such lien will be discharged with funds from such installment.

(e) Subject to the provisions of Section 8.03(a), the amount of any installment to be paid to Tenant shall be such proportion of the total Restoration Funds received by Depository as the cost of labor and materials theretofore incorporated (or delivered to the Premises to be incorpoated) by Tenant in the Restoration bears to the total estiated cost of the Restoration by Tenant, less (i) all payments theretofore made to Tenant out of the Restoration Funds and (ii) a percentage of the amount so determined to be agreed upon by Landlord and Tenant, which shall not exceed ten perent (10%) thereof.

(f) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, 8.05, upon completion of and payment for the Restoration by Tenant, the balance of the Restoration Funds held by Depository shall be paid over to Tenant. In the event that the Restoration Funds do not suffice to pay the cost of the Restoration, Tenant shall nevertheless be required to complete the Restoration and pay any additional sums required for the Restoration.

(g) 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, on demand, any sums in excess of the portion of the Restoration Funds received by Landlord necessary to complete the Restoration.

Section 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 engineer or architect approved by Landlord pursuant to Section 8.02(b) stating (i) that the sum then requested to be withdrawn does not exceed

the amount which may be paid to Tenant pursuant to Section 8.02(e) and 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 in connection with the Restoration 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) that no part of such expenditures has been or currently is the basis, in any previous or then pending requisition, for payment of an installment of the Restoration Funds or has been paid out of any installment of the Restoration Funds previously received by Tenant; (iii) that the sum then requested does not exceed the value of the services and materials described in the certificate; and (iv) that the balance of the Restoration Funds held by Depository will be sufficient to pay the balance in full of the cost of the Restoration, and stating in reasonable detail an estimate of said cost;

(b) 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, except such as will be discharged upon payment by Tenant of the requisite amount out of the sum then requested to be withdrawn; and

(c) at the time of such payment to Tenant, there is no existing and unremedied Event of Default on the part of Tenant under Article 24.

Section 8.04.

(a) If any loss, damage or destruction occurs, the estimated cost of Restoration of which equals or exceeds Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing) in the aggregate, Tenant shall:

(i) cause the proposed Restoration to be carried out under a registered architect selected by Tenant and approved in writing by Landlord ("Tenant's Architect") or a licensed professional engineer whose qualifications shall meet with the

reasonable approval of Landlord ("Tenant's Engineer"), which approval shall not be unreasonably withheld and shall be deemed given if Landlord shall not have given Tenant notice of disapproval within ten business (10) days after being advised of such selection;

(ii) furnish to Landlord at least thirty (30) days before the commencement of any such Restoration, the following:

(w) plans and specifications sufficiently detailed for the Restoration of the Building, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the reasonable approval of Landlord (which approval shall be deemed given if Landlord shall not have given Tenant notice of disapproval within ten (10) business days after being advised of such selection), together with any required approval thereof and all permits, consents, certificates and approvals required to be obtained from Governmental Authorities with respect to the Restoration and such plans and specifications (collectively, "Restoration Approvals"), and,

at the request of Landlord, any other drawings, information or samples to which Landlord is entitled under Article 11 (collectively, "Article 11 Materials"), all of said plans and specifications and Article 11 Materials to be subject to Landlord's review and to Landlord's determination, which shall not be unreasonably withheld, that the proposed Restoration shall result in a Building of at least the same value and, as nearly as possible, the same condition, quality and class as the Building which existed immediately prior to the destruction or damage which created the need for such Restoration, with such changes or alterations as Tenant shall elect to make, provided that, after such Restoration, the Building is in substantial conformity with the Master Development Plan, the Design Guidelines and, in the event such Restoration is commenced within ten (10) years after the date of Substantial Completion of the Building, the Plans and Specifications (other than Plans and Specifications that occasioned the damage to the Premises); Landlord's review shall be carried out within thirty (30) days of the date of the submission of the plans and specifications and

the Article 11 Materials by Tenant, and if Landlord shall not have notified Tenant of its determination within said period, it shall be deemed to have determined that such plans and specifications are in substantial conformity with the requirements of Section 8.01 and this Section 8.04(a)(ii)(w) and the Article 11 Materials are acceptable; in the event such plans and specifications and Article 11 Materials are substantially similar to the plans and specifications and Article 11 Materials (other than plans and specifications or Article 11 Materials that occasioned the damage to the Premises) approved by Landlord in respect of the Building as same was constituted immediately prior to the destruction or damage which created the need for such Restoration, Landlord shall determine that such plans and specifications and Article 11 Materials conform to the requirements of this Section 8.04(a)(ii)(w); (Landlord shall not unreasonably refuse to join in or otherwise cooperate in the application for any Restoration Approval, provided such application is made without cost or expense to Landlord);

(x) a contract, in form assignable and reasonably acceptable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor reasonably approved by Landlord (the failure of Landlord to disapprove the contract or the contractor within ten (10) business days after submission by Tenant to be deemed approval thereof), providing for (A) the completion of the Restoration in accordance with said plans and specifications, and (B) payment and performance bonds in forms and issued by sureties satisfactory to Landlord, the failure of Landlord to disapprove the bonds or the sureties within ten (10) business days after submission by Tenant to be deemed approval thereof, naming the contractor as obligor and Landlord, Tenant and each Mortgagee as obligees, each in a penal sum equal to the amount of such contract if the contract is for a fixed sum or a guaranteed maximum price, and otherwise in an amount reasonably acceptable to Landlord, except that if, prior to the commencement of the Restoration, Tenant shall deposit with Depository a bond, cash or other security reasonably satisfactory to Landlord, in an amount equal to

said penal sum, Tenant shall not be required to furnish said payment and performance bonds;

(y) an assignment to Landlord (subject to any prior assignment to any Mortgagee) without recourse, representation or warranty of the contract so furnished, 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 reentry 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 such contract, including payments made prior to the effective date of such assignment; and

(iii) upon completion of such Restoration, furnish Landlord with respect thereto (A) a complete set of "as-built" plans, prepared and certified to be complete and correct by Tenant's Architect or Tenant's Engineer, (B) where applicable, a survey meeting the requirements of Section 11.04 hereof, and (C) a copy of a current permanent Certificate of Occupancy duly issued by the New York City De-

partment of Buildings, to the extent required for lawful occupancy and use of the Building.

(b) Notwithstanding that the estimated cost of Restoration of any loss, damage or destruction is less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), to the extent that any portion of the Restoration involves work which affects the exterior of the Building, including windows, or involves a change in the height, bulk or setback of the Building from the height, bulk or setback existing immediately prior to the loss, damage or destruction, or affects any other matter required to be in conformity with the Master Development Plan or the Design Guidelines, then Tenant shall furnish to Landlord at least fourteen (14) days before the commencement of the Restoration a complete set of sufficiently detailed plans and specifications therefor, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the reasonable approval of Landlord, and, at Landlord's request, any of the Article 11 Materials, all of the foregoing to be subject to Landlord's review and approval as provided in Section 8.04(a)(ii)(w).

(c) In the event that Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Section 8.04(a)(ii)(w) or 8.04(b)

with respect to, or which will in any way affect, any aspect of the exterior 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 solely the interior space 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 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, 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 ten (10) 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.

(d) Except where specifically provided otherwise herein, Landlord shall notify Tenant of Landlord's determination with respect to any request for approval required under this Section 8.04 within fourteen (14) days of the later of (i) Landlord's receipt of such request from Tenant and (ii) Landlord's receipt of the plans and specifications and the Article 11 Materials, if any, which Landlord shall have requested in accordance with this Section 8.04. Landlord's failure to so notify Tenant within said time period shall be deemed to constitute approval.

Section 8.05. If the estimated cost of any Restoration, determined as provided in Section 8.02(b), exceeds the net insurance proceeds received, then, prior to the commencement of such Restoration, unless Landlord has given its written approval of the payment and performance bonds provided for in the contract for the Restoration referred to in Section 8.04(a)(ii)(X) and the amounts thereof cover such excess, Tenant shall deposit with Depository a bond, cash or other

security reasonably satisfactory to Landlord, to be held and applied by Depository in accordance with the provisions of Section 8.02, as security for the completion of the Restoration, free of public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens.

Section 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 the Building or any part thereof or by reason of the untenantability of the same or any part thereof, for or due to any reason or cause whatsoever, and, in accordance with Section 227 of the Real Property Law of the State of New York (or any successor statutory provision), Tenant expressly agrees that it shall have no right to quit or surrender possession of the Premises or any part thereof and that its obligations hereunder, including without limitation, the payment of Rental payable by Tenant hereunder, shall continue as though the Building had not been damaged or destroyed and without abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction of any kind. Nothing set forth in this Section 8.06 shall impair Tenant's right to seek a reduction in the assessed value of the Premises by reason of such damage or destruction or otherwise.

ARTICLE 9

CONDEMNATION

Section 9.01.

(a) If at any time during the Term, 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 be deemed to 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 and the Master Development Plan, and after performance by Tenant of all covenants, agreements, terms and provisions contained herein (including, but not limited to, the payment of Rental) or by law required to be observed or performed by Tenant (i) if the Premises shall be used for rental purposes, permit the Restoration of the Building thereon so as to constitute a complete, rentable building or buildings 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 submitted to either a cooperative or condominium form of ownership, permit the Restoration of the Building thereon so as to constitute an economically viable cooperative or condominium, as the case may be. If the Premises shall have been used for rental purposes and Completion of the Building occurred at least five (5) years prior to such taking, the average net annual income produced by the Building during the five (5) year period immediately preceding such taking 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 Completion of the Building occurred less than five (5) years prior to such taking, such fair and reasonable net annual income shall be determined by arbitration in accordance with the provisions of Article 36. Also, if there be any dispute as to whether or not "substantially all of the Premises" has

been taken, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36.

(c) If the whole or substantially all of the Premises including any Civic Facilities situated on, over or under the Premises shall be taken or condemned as provided in this Article 9, the award, awards or damages in respect thereof (collectively, the "Award") shall be apportioned as follows: (i) there shall first be paid to the Landlord an amount equal to the aggregate of (A) that part of the Award which is attributable to the value of the Land, considered as unimproved except for the Civic Facilities and other site improvements made by Landlord, and unencumbered by this Lease and the Master Lease, and, also considered subject to the Zoning Lot Declaration provided that (x) consideration of the Zoning Lot Declaration is not violative of the provisions of the Master Lease and (y) in the event that any provision of the Zoning Lot Declaration applicable to the Premises shall be hereafter amended and, pursuant to such amendment, Tenant shall replace, enlarge or substantially alter the Building or shall change the use of the Building or any material part thereof, to conform to, or as permitted by, such amendment, the Zoning Lot Declaration as so amended shall be considered when determining the value of the Land, and (B) the Civic Facilities taken, if any, on, over or under the Premises, without deducting therefrom the value of Tenant's interest in this Lease;

(ii) there shall next be paid to the Mortgagee which holds a first lien on Tenant's interest in this Lease so much of the balance of the Award as shall equal the unpaid principal indebtedness secured by such Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) 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 the Building so taken, and Tenant shall receive no part of such portion of the Award; and (iv) Tenant shall receive the balance of the Award, if any. For the purpose of determining the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, (1) until October 31, 2024, for Lease Years 1 through 40, Landlord's interest shall be deemed to equal zero, and Tenant's interest shall be deemed to equal 100 percent of the value of the Building and (2) for each Lease Year thereafter until the end of the Term, Landlord's interest shall be deemed to increase, and Tenant's interest shall be deemed to decrease, by 2.24 percent of the value of the Building so that by the end of the Term Landlord's reversionary interest therein shall be deemed to equal 100 percent. If there be any dispute as to which portion of the Award is attributable to the Land and such Civic Facilities and which portion is attributable to the Building, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36, provided, however, that any apportionment made in accordance with the

terms of this Lease and embodied in the decision of a court having jurisdiction over such taking shall be binding upon the parties (except to the extent such decision may be appealed).

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

Section 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.

Section 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 Rental or diminution of any of Tenant's obligations hereunder; provided, however, that if such taking is in connection with the so-called Westway project, Tenant

shall be entitled to a credit against the Supplemental Rent (if any) (but not against any other part of Base Rent or PILOT) next payable under this Lease in an amount equal to (i) the amount by which the value of the Building has been diminished by such taking (which amount shall be resolved by arbitration in accordance with Article 36 if the parties cannot agree thereon), less (ii) the portion (if any) of the award for such taking received and retained by Tenant (or by any Mortgagee) on account of such diminution in the value of the Building; provided, further, however, that in no event shall Tenant receive a credit against Supplemental Rent in an amount greater than the total award for such taking which was received and retained by Landlord with respect to the Land. Tenant, at its sole cost and expense, whether or not the portion of the Award paid to Depository or Tenant, if any, shall be sufficient for the purpose, shall proceed with reasonable diligence (subject to Unavoidable Delays) to Restore any remaining part of the Building not so taken so that the latter shall be a complete, rentable, self-contained architectural structure in good condition and repair in conformity with the Master Development Plan, the Design Guidelines, and, in the event such Restoration is commenced within ten (10) years after the Substantial Completion of the Building, the Plans and Specifications. In the event of any taking pursuant to this Section 9.03, there shall first be paid to Landlord, an amount equal to the aggregate of (A) that part of

the Award which is attributable to the value of the Land taken, considered as unimproved except for the Civic Facilities and other site improvements made by Landlord, and unencumbered by this Lease and the Master Lease and also considered subject to the Zoning Lot Declaration, with the same proviso as is set forth in Section 9.01(c), and (B) the Civic Facilities taken, if any, on, over or under the Premises, without deducting therefrom the value of Tenant's interest in this Lease; the balance of the Award, if any, shall be paid to the Depository, except that if such balance shall be less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), 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 agrees to facilitate collection by them of their respective portions of the Award. If the portion of the Award made available by Depository, as aforesaid, is insufficient for the purpose of paying for the Restoration, Tenant shall nevertheless be required to make the Restoration and pay any additional sums required for the Restoration.

Section 9.04. If the estimated cost of any Restoration required by the terms of this Article 9, as determined in the manner set forth in Section 8.02(b), exceeds the net Award received, then, prior to the commencement of such Restoration, unless Landlord has given its written approval, or is deemed to have given such approval pursuant to Section 8.04, of the payment and performance bonds provided for in the contract for the Restoration referred to in Section 8.04(a)(ii)(x) and the amounts thereof cover such excess, 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, free of public im-

provement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens.

Section 9.05. If the temporary use of the whole or any part of the Premises shall be taken at any time during the Term 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 any abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction whatsoever, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(a) 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, in accordance with the provisions of Article 3, to the payment of the Rental payable by Tenant hereunder, 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 sufficient 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(a) 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

(b) 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 Section 9.05(a), provided, however, that the amount of any award or payment allowed or retained for the Restoration of the Building, net of any amounts actually expended by Tenant for such Restoration, shall remain the property of Landlord if this Lease shall expire prior to the Restoration of the Building.

Section 9.06. 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.

Section 9.07. Landlord and 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.

Section 9.08. 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 subordinate to Landlord's claims under this Article.

ARTICLE 10

ASSIGNMENT, SUBLETTING, MORTGAGES, ETC.

Section 10.01

(a) Except as otherwise specifically provided in this Article 10, neither this Lease nor any portion of the interest of Tenant in this Lease shall be sold, assigned or otherwise transferred (including a sale or assignment to an Apartment Corporation and the subjecting of all or a portion of Tenant's interest in this Lease to a regime of condominium ownership), whether by operation of law or otherwise, nor shall any of the issued or outstanding capital stock (or any part thereof) of any corporation which, directly or indirectly, is Tenant under this Lease or which is a general partner of any partnership that is Tenant under this Lease 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 date of this Lease, nor shall any general partner's interest in a partnership which is Tenant under this Lease 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 enter into a sublease of the Premises as an entirety or substantially as an entirety, without (i) satisfying the requirements set forth in Section 10.03(a) hereof, (ii) the delivery to Landlord of the documents specified in Section 10.03(b) hereof, (iii) the absence of an uncured notice of Default under the Lease and (iv) until Completion of the Building, the prior consent of Landlord in each case.

(b) For the purpose of this Section 10.01:

(i) the sale, assignment or other transfer, whether by operation of law or otherwise, of the issued or outstanding capital stock of any corporation which, directly or indirectly, is Tenant under this Lease or which is a general partner of any partnership which is Tenant under this Lease, by the owner thereof shall not be deemed a Transfer and shall not be subject to the provisions of Section 10.01(a) if made (A) upon the owner's death, or (B) to the owner's spouse, child or parent, provided that, except with respect to the death

of a Principal, after giving effect to such transaction, the interest held by either of the Principals shall not be reduced below eighty percent (80%) of the total interest held by such Principal on the date hereof;

(ii) The prior consent of Landlord shall not be withheld or delayed with respect to a Transfer (x) to a Mortgagee which is an Institutional Lender (or its affiliate) or (y) of an interest in a general partner of Tenant or the interest of a general partner of a general partner in Tenant or the assignment of Tenant's interest in this Lease to a different partnership entity; provided that following any such Transfer or assignment (A) there shall be at least two general partners of Tenant, one of which shall control, be controlled by, or be under common control with, either LRF Developers, Inc. or Francisco Lugovina, and the other of which shall control, be controlled by or be under common control with, either The Related Companies, Inc. or Stephen Ross, and (B) Francisco Lugovina (if then alive) shall have (directly or indirectly) an interest in one such general partner at least equal to eighty percent (80%) of the interest which he has in one of the Initial General Partners as of the date hereof, and Stephen Ross (if then alive) shall have (directly or indirectly) an interest in one such general partner at least equal to eighty percent (80%) of the interest

which he has in one of the Initial General Partners as of the date hereof.

(iii) The prior consent of Landlord shall not be required for the acquisition of the Premises by a Mortgagee or its parent or wholly-owned subsidiary through the foreclosure of a Mortgage complying with the terms of Section 10.08 or 10.09 hereof, or through a deed or instrument of transfer delivered in lieu of such foreclosure, so long as such Mortgagee or its parent or wholly-owned subsidiary shall, in the instrument transferring to such Mortgagee or its parent or wholly-owned subsidiary 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, subject to the provisions of Section 41.08 hereof.

(iv) From and after Substantial Completion of the Building, Landlord shall not withhold its consent to an assignment by Tenant of its interest in this Lease to an Apartment Corporation pursuant to an Approved Cooperative Plan. The consent of Landlord to an assignment or partial assignment(s) by Tenant of its interest in this Lease pursuant to a Condominium Plan shall be governed by the provisions of Article 42 hereof. However, no consent to any such assignment shall be given by Landlord unless Landlord has received (x) requisite

Transaction Payments and (y) a guarantee or other security for payment of Transaction Payments with respect to subsequent Unit Sales in accordance with Section 3.08.

(v) A Unit Sale pursuant to an Approved Co-operative Plan or in accordance with Article 42 shall not be deemed an assignment of a portion of the interest of Tenant in this Lease or a Transfer and shall not be subject to the provisions of Article 10 unless as a result thereof a Bulk Sale occurs.

Section 10.02. Subject to the provisions of this Section 10.02 and of Section 10.03 as to Bulk Subleases, Tenant may enter into agreements for the subletting, or the occupancy pursuant to licenses or concessions, of residential and non-residential space in the Building for periods shorter than the remainder of the Term at the time of such agreements. All of such agreements are herein referred to collectively as "Subleases," and the occupants pursuant to Subleases as "Subtenants." Each Sublease shall obligate the Subtenant pursuant thereto to occupy and use the premises included therein for purposes consistent with the Requirements, the Master Lease, the Certificate(s) of Occupancy for the Building, this Lease and (except for residential Subleases) with the Master Development Plan and Design Guidelines. All Subleases shall provide (i) they are subject to this Lease and to the Master Lease, (ii) except with respect to a Sublease providing for

sublandlord, at subtenant's cost, to obtain materials and to perform work for alterations to the space at the outset of the term, the Subtenant will not pay rent or other sums (other than security deposits or deposits for PILOT, Impositions and Insurance) under the Sublease for more than one (1) month in advance, and (iii) at Landlord's option, on the termination of this Lease pursuant to Article 24, the Subtenant will attorn to, or enter into a direct sublease with Landlord or a Person designated by Landlord on identical or substantially identical terms. At any time and from time to time upon Landlord's demand, Tenant promptly shall deliver to Landlord a schedule of all Subleases, setting forth the name of all Subtenants, with a photostatic copy of each of the Subleases. Upon reasonable request of Landlord, Tenant shall permit Landlord and its agent and representatives to inspect all Subleases. Tenant shall, with reasonable diligence, subject to Unavoidable Delays, enforce all its rights as the landlord under all Subleases in accordance with the terms thereof. Tenant may not without the prior written consent of Landlord enter into a Sublease except pursuant to the provisions of this Section 10.02.

Section 10.03

(a) In no event shall Tenant make a Transfer, assign its interest hereunder (except for an assignment pursu-

ant to an Approved Cooperative Plan or pursuant to a Condominium Plan in accordance with the provisions of Article 42 hereof), sell Units pursuant to a Bulk Sale or sublet the Premises as an entirety or substantially as an entirety or sublet portions pursuant to a Bulk Sublease to any Person who, or to any Person in which, an ownership interest, in the aggregate, of five (5) percent or greater is held, directly or indirectly, by any individual who:

(A) has ever been convicted of a felony;

(B) 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 any agency, department, public authority or public benefit corporation thereof;

(C) with respect to whom any notice of substantial monetary default has been given by 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 any agency, department, public authority or public benefit corporation thereof unless such de-

fault has been cured prior to the date such Person seeks to obtain such interest.

(b) No assignment, subletting of the Premises as an entirety or substantially as an entirety, Bulk Sale, Bulk Sublease or Transfer, shall become effective under this Lease until delivery of the following documents and information to Landlord and the failure of Landlord to notify Tenant of the invalidity thereof as provided herein:

(i) in the case of an assignment, (A) an executed counterpart of the instrument(s) of assignment, containing, inter alia, the name, address and telephone number of the assignee, (B) executed instruments of assumption by said assignee of Tenant's obligations under this Lease, which assumption shall be subject to Section 41.08 hereof, and effective as of the date of the assignment, and (C) a certificate of the assignee or an authorized officer or general partner thereof (but not if the assignee is an Apartment Corporation or if Article 42 is applicable) setting forth (x) in the case of a partnership, the names and addresses of all general partners of the assignee and all other partners of the assignee having a five percent (5%) or greater ownership interest in the assignee, and (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 which is an Institutional Lender) 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 sublease of the Premises as an entirety or substantially as an entirety, (A) an executed counterpart of the sublease which shall require the subtenant to assume and perform all of the covenants and terms of this Lease, which assumption shall be subject to Section 41.08 hereof, and shall contain, inter alia, the name, address, and telephone number of the subtenant, and (B) a certificate of the subtenant or the principal 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 subsection 10.03(b)(i)(C) hereof;

(iii) In the case of a Bulk Sale, (A) an executed counterpart of the document(s) of conveyance containing, inter alia, the name, address and telephone number of the grantee and (B) a certificate of the grantee or the principal officer or general partner thereof, setting forth the same information with respect to the partners, shareholders, officers and directors of the grantee as is required with respect to assignees under Subsection 10.03(b)(i)(C) hereof;

(iv) in the case of a Bulk Sublease, (A) an executed counterpart of the Bulk Sublease and shall contain, inter alia, the name, address and telephone number of the Subtenant and (B) a certificate of the Subtenant or the principal 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 Subsection 10.03(b)(i)(C) hereof;

(v) in the case of a Transfer, (A) an executed counterpart of each document by which such Transfer was accomplished, and (B) a certificate of the Tenant or the principal 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 subsection 10.03(b)(i)(C) hereof; and

(vi) in all such cases, such other documents and information as Landlord may reasonably request to permit the evaluation of such assignment, sublease, Bulk Sale, Bulk Sublease or Transfer.

(c) In each instance wherein Tenant desires to effect an assignment, a sublease of the Premises as an entirety or substantially as an entirety, a Bulk Sale, a Bulk Sublease or a Transfer, Tenant shall, prior to the effective date of such transaction, notify Landlord of the proposed

transaction and submit to Landlord all of the information and copies of the applicable documents provided for in Section 10.03(b) (which documents may be unexecuted but shall, in all other respects, be in substantially final form) and such other information and documentation it may wish if the proposed transaction is subject to the consent of the Landlord. Landlord shall within thirty (30) days after receipt of requisite information and documentation 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 required to be reasonably satisfactory to Landlord is satisfactory to Landlord and whether the information submitted establishes compliance with the provisions of Section 10.03(a), specifying, in the event that Landlord denies its consent to such transaction or determines that any such documentation is not satisfactory 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 form and substance of each such document is satisfactory and the information submitted establishes compliances with the provisions of Section 10.03(a). In addition, if Tenant contemplates an assignment, a sublease of the Premises as an en-

tirety or substantially as an entirety, a Bulk Sale, a Bulk Sublease or a Transfer, Tenant may submit the certificate required pursuant to subdivisions (i), (ii), (iii), (iv), or (v) of Section 10.03(b), as the case may be, and within thirty (30) days after receipt of such submission, Landlord shall notify Tenant whether the information submitted establishes compliance with the relevant provisions of Section 10.03(a), and if Landlord determines that such information does not establish such compliance, specify the reason for such determination. If Landlord shall not have notified Tenant of such determination, within such period, it shall be deemed to have been determined that the information submitted establishes compliance with the relevant provisions of Section 10.03(a).

Section 10.04. No assignment of this Lease, subletting of the Premises as an entirety or substantially as an entirety, Bulk Sale, Bulk Sublease or Transfer shall have any validity except upon compliance with the provisions of this Article 10 and Article 42.

Section 10.05. Any consent by Landlord under Section 10.03 above shall apply only to the specific transaction thereby authorized and shall not relieve Tenant from the requirement of obtaining the prior consent of Landlord to any further sale or assignment of this Lease or Transfer or subletting of the Land and the Building as an entirety or sub-

stantially as an entirety, to the extent that any such consent is expressly required herein.

Section 10.06. 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 of the Subtenants shall not relieve Tenant of Tenant's obligation to cure the same. Tenant shall use reasonable diligence, subject to Unavoidable Delays, to prevent or cure any such violation or breach.

Section 10.07.

(a) Anything to the contrary herein notwithstanding, Tenant, without Landlord's consent, shall have the right at any time during the Term to assign all Subleases (as defined in Section 10.02) of the Premises to a Mortgagee as collateral security for such Mortgage; provided, however, that any assignment permitted hereby shall not be effective unless and until Landlord receives an executed counterpart of an agreement by the assignee to apply all rents collected by such assignee from Subtenants first to the Rental and all other sums and charges due to Landlord hereunder.

(b) Subject to the rights of any Mortgagees, Landlord, after an Event of Default by Tenant, may collect subrent and all other sums due under Subleases, and apply the

net amount collected to the Rental payable by Tenant hereunder, 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 Subtenants as Tenant hereunder or as a subtenant, or a release of Tenant from performance by Tenant of its obligations under this Lease.

(c) 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 (i) the rights of Mortgagees and (ii) the conditions hereinafter set forth, 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, and further agrees that 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 nor give rise to any claim on the part of Tenant, its servants or employees or any Person claiming through Tenant against Landlord for breach of any covenant hereunder or otherwise; provided, however, that such assignment shall become operative and effective only if and so long as (a) 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 shall occur any 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 as Landlord has agreed to take over and assume.

Section 10.08.

(a) Tenant shall give Landlord prompt notice of any Mortgage and shall furnish Landlord with a complete and correct copy of each Mortgage, certified as such by Tenant, 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 (1) Default by Tenant and (2) termination of the Lease at the same time as, and whenever, any such notice of Default or termination of the Lease shall thereafter be given by Landlord to Tenant, and no such notice of Default or termination of the Lease 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 in the case of a Default in the payment of Rental and twenty (20) days more in the case of any other Default after

such notice is given to it (except as specified below), (a) for remedying the Default or causing the same to be remedied, or (b) for causing action to be commenced to remedy a Default mentioned in Section 24.01(c) and (d) or (c) commencing to remedy a Default mentioned in Section 24.01(e), than is given Tenant after such notice is given to it, and (ii) shall, within such periods and otherwise as herein provided, have the right to remedy such Default or cause the same to be remedied, or cause action to be commenced to remedy a Default mentioned in Section 24.01(c) and (d) or commence to remedy a Default mentioned in Section 24.01(e). Landlord shall accept timely 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 Sections 10.08(a) and 24.01 hereof, no Default or Event of Default by Tenant shall be deemed to exist as long as a Mortgagee, in good faith, within the period specified in Section 10.08(a), shall have either (i) commenced to remedy the condition or event which would otherwise constitute a Default hereunder and to prosecute the same to completion with reasonable diligence, subject to Unavoidable Delays, which for the purposes of this Section 10.08(b) shall be for reasons beyond the control of Mortgagee rather than Tenant, or (ii) if possession of the Premises is required in order to cure the condition or event which would otherwise constitute a Default, (A)

notified Landlord of its intention to institute foreclosure proceedings and obtain possession directly or through a receiver and (B) thereafter, within fourteen (14) days of the giving of such notice, instituted such foreclosure proceedings and prosecuted such proceedings (or action) with reasonable diligence and continuity and, (C) upon obtaining such possession (or completing such action), commenced promptly to cure the event or condition which would otherwise constitute a Default hereunder and to prosecute the same to completion with reasonable diligence and continuity, subject to Unavoidable Delays (or if such Mortgagee shall have been unable to obtain such possession within the period specified in Section 10.08(a), notified Landlord of its intention, upon obtaining such possession, to cure the Default and to prosecute the same to completion with reasonable diligence and continuity); provided, however, that the Mortgagee shall have delivered to Landlord, in writing within three 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, its agreement to take the action described in clause (i) or (ii) herein, and 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 susceptible of being performed by the Mortgagee are being duly performed. However, at any time after

the delivery of the aforementioned agreement, the Mortgagee which has given such notice may notify Landlord, in writing, that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings (or continue such other effective action) or, if such proceedings (or action) have been commenced, that it has discontinued them, then, 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 obligations accruing prior to the date it delivers such notice), 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 by Tenant, and upon any such termination the provisions of Section 10.09 shall apply. Notwithstanding anything herein contained to the contrary, provided the Mortgagee shall have complied with all other provisions of this Section 10.08, the Mortgagee shall not have any obligation to cure any Defaults which are not susceptible of being cured. Any Default referred to in Section 24.01(a) or (l) and, provided the Mortgagee shall have obtained possession of the Premises, all Defaults referred to in Section 24.01(b), (c), (d) and (e) shall be deemed to be susceptible to being cured.

(c) Except as provided in Section 10.08(b), and subject to Section 41.08, no Mortgagee shall become liable under the provisions of this Lease unless and until such time

as it or they become, and then only for as long as it or they remain, 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 prior to its acquisition of such interest unless the Mortgagee shall have consented to such modification or amendment at the time it was made or at the time of such acquisition.

Section 10.09.

(a) In the case of termination of this Lease by reason of any Event of Default or for any other reason, Landlord shall give prompt notice thereof to the Mortgagee under any Mortgage at the address of such Mortgagee set forth in the notice mentioned in Section 10.08(a) hereof, and otherwise in the manner provided by Article 25. Landlord, within thirty (30) days after written request of such Mortgagee made at any time within thirty (30) days after the giving of such notice by Landlord, shall execute and deliver a new lease of the Land and the Building ("New Lease") to such Mortgagee or its designee or nominee ("New Tenant"), for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained provided that the New Tenant (i) shall pay to Landlord, simultaneously with the delivery of the New Lease, all unpaid Rental due under this Lease up to and including the date of the commencement of the term of the

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, and (ii) shall immediately cure all Defaults (in addition to unpaid Rental) existing under this Lease which are susceptible of being immediately cured by the New Tenant and with respect to Defaults not susceptible to immediate cure, promptly commence such cure and diligently and continuously prosecute it to completion. The foregoing notwithstanding, the New Tenant shall have no obligation to cure any Default of Tenant or Events of Default under clauses (f), (g), (h), (i), (j), (k) or (m) of Section 24.01. If Landlord shall have drawn upon the letter of credit provided by Tenant in accordance with Section 11.14 hereof in connection with an Event of Default hereunder and the termination of this Lease, then upon entering into the New Lease, subject to the rights of Tenant thereto, provided that Completion of the Building has occurred, Landlord shall pay over to the New Tenant any proceeds of such letter of credit remaining after the application by Landlord of such proceeds to all Defaults by Tenant under this Lease, and to reimburse Landlord for all reasonable costs and expenses incurred in connection with such Default, or the curing thereof.

(b) Any New Lease and the leasehold estate thereby created shall, subject to the same conditions 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 whether or not the same shall then be in existence. Concurrently with the execution and delivery of the New Lease, Landlord shall assign to the New Tenant all of its right, title and interest in and to moneys (including insurance and condemnation proceeds) not theretofore applied to curing all Defaults by Tenant, and 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 the New Lease under this Section 10.09, all Subleases which theretofore may have been assigned to Landlord shall be assigned and transferred, without recourse, representation or warranty by Landlord to the New Tenant and then assigned back to Landlord in accordance with and as provided in Section 10.07(c) hereof. 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 paragraph (a) of this Section 10.09, 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 (1) a default as for which the Sublease may be terminated pursuant to its terms or (ii) the purpose of permitting Landlord to enter into Sublease(s) with other tenants who will occupy not less than the same amount of space demised by the cancelled Sublease(s) at a rental rate per square foot and for terms not less than the rental rates per square foot and the unexpired terms, respectively, of the cancelled Sublease(s).

(d) If more than one Mortgagee seeks to exercise the rights provided in Section 10.08 or 10.09, Landlord shall recognize the holder of the Mortgage which is most senior in lien that has given timely notice of its desire to exercise the rights afforded by Section 10.08 or Section 10.09 as the Mortgagee entitled to such rights, provided that Tenant shall have given Landlord notice of such Mortgage in compliance with the provisions of Section 10.08(a). Landlord will, within seven (7) business days after request for such information made by any Mortgagee, advise such Mortgagee in writing of all Mortgages which have previously been registered with Landlord, including names and addresses.

Section 10.10. In any circumstances where arbitration is provided for under this Lease, Landlord agrees that Landlord shall give any Mortgagee with respect to whom a notice shall have been given Landlord as provided in Section 10.08(a) notice of any demand by Landlord for any arbitration,

and Landlord shall recognize one such Mortgagee (the most senior in lien to make written request to Landlord to participate in such arbitration), as a proper party to participate in the arbitration if Tenant fails to do so, whether such failure is in the matter of designating arbitrators or otherwise. In the event that Tenant fails to designate Tenant's arbitrator, such Mortgagee shall be afforded ten (10) days to do so from the date on which Tenant's time to designate such arbitrator shall have expired.

ARTICLE 11

CONSTRUCTION OF BUILDING

Section 11.01.

(a) Landlord has approved the preliminary plans and outline specifications and samples of materials for the construction of the Building which are described in Exhibit "J" annexed hereto and made a part hereof, copies of which have been initialed by the parties (such approved plans and outline specifications and materials, the "Preliminary Plans and Specifications").

(b) On or prior to October 15, 1984, Tenant shall submit to Landlord those portions of final detailed plans and specifications for the Building prepared by the Architect which relate to or might be affected by, be subject to or affect compliance with, the Master Development Plan or the Design Guidelines. These final detailed 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 Preliminary Plans and Specifications. If Landlord determines that they do so conform, Landlord shall notify Tenant to that effect. If Landlord determines that such final detailed plans and specifications do not conform to the Master Development Plan, the Design Guidelines or the Preliminary Plans and Specifications, Landlord shall so notify Tenant, specifying those portions of such final detailed

plans and specifications which do not so conform and stating in reasonable detail in which respects same do not conform, and Tenant shall revise the same so to conform and shall submit such revised final detailed plans and specifications (or such revised portions thereof) to Landlord for review within twenty (20) business days of the date of notice from Landlord to Tenant that such final detailed plans and specifications do not so conform. The review by Landlord of such initially proposed final detailed plans and specifications shall be carried out within ten (10) business days of submission. Each review of revised final detailed plans and specifications shall be carried out within ten (10) business days of the date of submission of such revised final detailed plans and specifications (or the revised portions thereof) by Tenant. If Landlord shall not have notified Tenant of its determination within the requisite period, Landlord shall be deemed to have determined that such final detailed plans and specifications (or the portion or portions thereof so submitted) do conform to the Master Development Plan, the Design Guidelines and the Preliminary Plans and Specifications.

(c) On or prior to November 15, 1984, Tenant shall submit to Landlord those portions of final detailed plans and specifications for the Building prepared by the Architect which need not be submitted pursuant to the provisions of Section 11.01(b) on or prior to October 15, 1984. These final detailed plans and specifications shall be reviewed by

Landlord to determine whether or not they conform to the Preliminary Plans and Specifications. If Landlord determines that they do so conform, Landlord shall notify Tenant to that effect. If Landlord determines that such final detailed plans and specifications do not conform to the Preliminary Plans and Specifications, Landlord shall so notify Tenant, specifying those portions of such final detailed plans and specifications which do not so conform and stating in reasonable detail in which respects same do not conform, and Tenant shall revise the same so to conform and shall submit such revised final detailed plans and specifications (or such revised portions thereof) to Landlord for review within twenty (20) business days of the date of notice from Landlord to Tenant that such final detailed plans and specifications do not so conform. The review by Landlord of such initially proposed final detailed plans and specifications shall be carried out within ten (10) business days of submission. Each review of revised final detailed plans and specifications shall be carried out within ten (10) business days of the date of submission of such revised final detailed plans and specifications (or the revised portions thereof) by Tenant. If Landlord shall not have notified Tenant of its determination within the requisite period, Landlord shall be deemed to have determined that such final detailed plans and specifications (or the portion or portions thereof so submitted) do conform to the Preliminary Plans and Specifications.

The final detailed plans and specifications approved pursuant to Section 11.01(b) and this Section 11.01(c), as changed from time to time by Tenant with the approval of Landlord in accordance with Section 11.01(d), are hereinafter referred to as the "Plans and Specifications."

(d) In the event that Tenant shall desire to modify the Plans and Specifications with respect to, or which will in any way affect, any aspect of the exterior 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 for approval. Tenant shall not be required to submit to Landlord proposed modifications of the Plans and Specifications which affect solely the interior portion of the Building and do not affect compliance with the Design Guidelines or the Master Development Plan. Landlord shall review the proposed modifications 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 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 with respect to the exterior of the Building which are comparable in quality to those provided for in the Plans and Specifications. Within twenty (20) days, Tenant shall revise the proposed modifications so as to meet Landlord's objections and shall deliver such revisions to Landlord for review. Each review by Landlord shall be carried out within ten (10) business days of the date of delivery by Tenant of the proposed modifications to the Plans and Specifications, 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 Plans and Specifications which Landlord has previously determined to be satisfactory provided same have not been changed by Tenant.

(e) Notwithstanding the provisions of Section 11.01(d), if, after the Commencement of Construction, Tenant makes a good faith determination that any proposed modification which requires Landlord's approval under said Section 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 a copy of said statement to Landlord's President and Chief Executive Officer). Land-

lord's Project Manager shall, in writing, before the expiration of the second 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 for in Section 11.01(d), such notification to be in writing and may be delivered personally to Tenant, the time of such personal delivery to be the time of notification. 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 11.01(e) shall require Landlord to notify Tenant of Landlord's determination earlier than the expiration of the ten (10) business-day period set forth in Section 11.01(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 two (2) business-day period set forth above, Landlord shall be deemed to have approved the proposed modification.

(f) The Plans and Specifications shall comply with all applicable 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 Plans and Specifications conform to the 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 Plans and Specifications comply with the Requirements or constitute certification by the City of New York that such Plans and Specifications conform to the Master Development Plan. Landlord shall execute and deliver such documents as may be required to be executed and delivered by Landlord, and not merely Tenant, to determine whether the Plans and Specifications comply with such Requirements, provided there is no cost or expense to Landlord. In the event that there shall be a conflict between the Requirements and the Design Guidelines, the Requirements shall prevail.

(g) Tenant acknowledges that the Land and Parcel C (as described in the Zoning Lot Declaration) constitute a single zoning lot for the purposes of and pursuant to the provisions of the Zoning Resolution of the City of New York. 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 263,000 square feet. In confirmation of the foregoing, Landlord has executed and caused to be recorded, and this Lease shall be subject to, the Zoning Lot Declaration.

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

(i) Landlord acknowledges and agrees that in order to meet the construction schedule required by Landlord, Ten-

ant 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 project. Such cooperation may include, and may only include (i) shortening the review periods provided for herein, (ii) reviewing certain aspects of the final detailed plans and specifications 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 final detailed plans and specifications for the entire project.

Section 11.02.

(a) Tenant shall, at its sole cost and expense, and using a reputable and responsible contractor or construction manager approved by Landlord, which approval shall not be unreasonably withheld, no later than November 1, 1984, subject to Unavoidable Delays, commence, and thereafter diligently prosecute, subject to Unavoidable Delays, the construction of the Building in accordance with the Master Development Plan, the Design Guidelines, the Plans and Specifications, and the applicable provisions of this Lease (except that, until such date as Landlord shall have approved the final

detailed plans and specifications, Tenant shall perform its obligations set forth in this sentence in accordance with the Preliminary Plans and Specifications). Promptly after Commencement of Construction, Tenant shall give Landlord notice thereof, specifying the date on which construction commenced. Construction of the Building shall include all required connections between the Building and electrical vaults, gas, telephone and water mains and sanitary and storm sewers. Tenant acknowledges that Landlord has delivered to Tenant possession of the Land on the Commencement Date, and Tenant, having inspected the Land to its full satisfaction, hereby accepts possession of the Land in its present condition. Tenant shall as soon as practicable, but in no event later than October 31, 1984, obtain from New York City and all other Governmental Authorities all permits, consents, certificates and approvals (including, without limitation, the certifications as to compliance with the Master Development Plan required by the Master Lease prior to commencement of construction) required to be obtained prior to commencing the Foundation of the Building (collectively the "Foundation Permits"). At the request of Tenant, Landlord shall join or otherwise cooperate in the application for any such Foundation Permits (including the execution and delivery of documents which can only be executed by Landlord), provided there is no cost or expense to Landlord. Tenant shall not undertake commencement of the Foundation of the Building unless

and until (i) Tenant shall have (A) obtained from Landlord all approvals required under this Lease to be obtained from Landlord prior to such commencement and (B) obtained and delivered to Landlord copies of the Foundation Permits and (ii) Tenant shall have delivered to Landlord (w) binders for insurance, in accordance with the provisions of Section 11.03(b); (x) a contract, by its terms assignable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor or construction manager reasonably approved by Landlord (if there is a construction manager, contracts with responsible contractors for the major trades in form assignable to Landlord), providing for the construction of the Building in accordance with the Plans and Specifications (but if at the time the execution of the contract there are no Plans and Specifications, the contract may provide for the construction of the Building in accordance with the Preliminary Plans and Specifications), (Y) an assignment to Landlord (subject to any prior assignment to any Mortgagee) without recourse, representation or warranty of the contract(s) so furnished, such assignment to be duly executed and acknowledged by Tenant and by its terms to be effective only upon the Premises following an Event of Default prior to the complete performance of such contract(s), such assignment also to include the benefit of all payments made on account of such contract(s) including payments made prior to the effective date of such assignment, and (z)

either (a) 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 (b) a plan submitted by Tenant for financing the construction of the Building approved by Landlord. 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 and shall not commence any construction work other than construction of the Foundation of the Building unless and until (1) 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 and (2) if the contract with the contractor or construction manager previously provided for construction in accordance with Preliminary Plans and Specifications, such contract shall have been revised so as to provide for construction of the Building in accordance with the Plans and Specifications.

(b) In addition to the documents referred to in Section 11.01 and this Section 11.02, to the extent the following have not been previously specifically approved pursuant to Section 11.01 and this Section 11.02, Tenant shall, at least fourteen (14) days prior to ordering the same for incorporation into the Building, submit to Landlord samples of materials to be used on the exterior and for the windows

of the Building and the same shall be subject to Landlord's approval, which shall not to be unreasonably withheld. If Landlord shall not have notified Tenant of its determination within ten (10) business days of the date of such submission, Landlord shall be deemed to have determined that the samples are satisfactory. 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 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 of this Lease.

Section 11.03.

(a) Tenant, prior to the Commencement of Construction, 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 Substantial Completion of the Building, the following at no cost or expense to Landlord:

(i) comprehensive general liability insurance, naming contractor or construction manager as named insured and, as additional insureds, Tenant, Landlord, and 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 such amount as may from time to time be reasonably required by Landlord (which shall be not less than Fifty Million Dollars ($50,000,000) combined single limit nor more than such amount as, at the time in question, is customarily carried by prudent owners of like buildings and improvements), such insurance to include Operations-Premises Liability, Contractor's Protective Liability on the operations of all subcontractors, Completed Operations (to be kept in force for not less than three (3) years after Completion of the Building), Broad Form Contractual Liability (designating the indemnity provisions of the Construction Agreements and this Lease), a Broad Form Comprehensive General Liability Endorsement or the equivalent thereof deleting all exclusions pertaining to contractual and employee coverage 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 that One Million Dollars ($1,000,000) combined single limit with such coverage to be included in the underlying schedule of any umbrella or following form excess policy for a total limit of Fifty Million Dollars ($50,000,000), 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 (Tenant if contractor carries such insurance) engaged by Tenant and each Mortgagee under a standard mortgagee clause;

(iii) Workers' Compensation insurance providing statutory New York State benefits for all persons employed in connection with the construction of the Building including, at a minimum, Employer's Liability limits of $100,000/$100,000/$500,000 with policy included in the underlying schedule of any umbrella and following form excess policy; and

(iv) All-Risk 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, if any storage location not situated on the Premises is used, such insurance shall include coverage for the full insurable value, all materials and equipment on or about any such storage location intended for use with respect to the Premises.

In the event that the proceeds received pursuant to the insurance coverage required under Section 11.03(a)(iv) hereof shall exceed Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), 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 that such proceeds shall be Two Hundred Fifty Thousand Dollars ($250,000) or less (Subject to Indexing) such proceeds shall be payable, in trust, to Tenant for application to the cost of completion of the Building.

(b) No construction shall be commenced until Tenant shall have delivered to Landlord Acceptable Binders for, or certificates with respect to, the insurance required by this Section 11.03, in accordance with this Section 11.03 and as more fully provided in Section 7.02(a) hereof, together with proof satisfactory to Landlord that the then current installment of premiums in respect of such insurance has been paid. Within twenty (20) days after the Commencement of Construction, Tenant shall deliver to Landlord a certified copy of the declaration page of, or a certificate with respect to, each policy providing such insurance showing amounts of coverage and limits of liability (and, in addition, with respect to any insurance in blanket, umbrella or following form excess policies including all liability coverage in the underlying schedule of any umbrella or following form excess policy, schedules showing the location of premises covered thereby and the amount of insurance afforded by the policies applicable to the Premises), and, in any event, promptly after receipt thereof, Tenant shall deliver to Landlord policies for the insurance required by this Section 11.03 or certified copies of or duplicate originals of such policies.

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

(d) To the extent that the insurance coverages required pursuant to this Section 11.03 duplicate those required by Article 7 or Section 13.01(e) hereof, Tenant shall not be required to maintain such coverages in duplicate, but in each instance the more extensive coverage shall be maintained.

(e) In addition to the insurance required pursuant to this Section 11.03, Tenant shall, prior to Commencement of Construction, obtain, or cause to be obtained, and furnish to Landlord, payment and performance bonds in forms and by sureties reasonably satisfactory to Landlord, naming the construction contractor (or if there is no construction contractor, the construction manager) as obligor and Landlord and Tenant as co-obligees, each in a penal sum equal to the amount of the construction contract for the Building.

(f) Tenant shall collect or cause to be collected insurance proceeds with respect to insurance coverage pursuant to this Section 11.03. In the event that any insurer may require any proof of loss or other certificate by Landlord in connection with the collection of any insurance moneys that may be due in the event of loss, and Tenant shall furnish to Landlord such information as may be required for the preparation of such proof of loss or certificate and shall represent to Landlord that such information is correct and complete, Landlord shall be entitled to rely on such representation and shall execute such proof of loss or other

certificate and deliver same to Tenant. Except as provided in the foregoing sentence, Landlord shall not have any obligations in connection with the collection of insurance proceeds and nothing herein shall relieve Tenant of its obligation regarding the same.

Section 11.04. Tenant covenants and agrees that, subject to Unavoidable Delays, (a) construction of the Building shall be commenced no later than November 1, 1984 and thereafter prosecuted with all reasonable diligence and without interruption in accordance with the development schedule for the construction and development of the Building prepared by Tenant and attached hereto as Exhibit "F" ("Tenant's Development Schedule"), (b) the Foundation of the Building shall be completed in a good and workmanlike manner in accordance with the Plans and Specifications, the Master Development Plan, the Design Guidelines and Requirements no later than May 1, 1985, and (c) the Building shall be Substantially Completed (as hereinafter defined) in a good and workmanlike manner in accordance with the Plans and Specifications, the Master Development Plan, the Design Guidelines, and Requirements by October 31, 1986 (the "Scheduled Completion Date"). Upon Substantial Completion of the Building (as hereinafter defined), Tenant, at its sole cost and expense, shall furnish Landlord with (i) a true copy of the temporary Certificate of Occupancy permitting occupancy of all residen-

tial space at the Building, (ii) a complete set of "as built" plans prepared and certified to be complete and correct by the Architect, and (iii) a survey prepared and sealed by a licensed surveyor showing the Building situated on the Land, and all easements and other matters of record of the type which are shown on such a survey relating to the Premises, certified by such surveyor to Tenant, Landlord, and Mortgagees and to any title company which shall have insured or committed to insure the Premises or any portion thereof or interest therein, and bearing the certification of such surveyor that the Building is within the property lines of the Land and does not encroach upon any easement or violate any restriction of record. "Substantial Completion of the Building" or "Substantially Completed" shall mean (1) substantial completion of all construction work on the Building, (2) the issuance and delivery to Landlord of a true copy of the Residential TCO and (3) delivery to Landlord of a certificate from the Architect certifying that the construction has been substantially completed in accordance with the Plans and Specifications, the Master Development Plan, the Design Guidelines, Requirements and permits, consents, certificates and approvals with respect to the construction of the Building. Within six (6) months after the date of Substantial Completion of the Building, Tenant shall furnish Landlord with permanent Certificates of Occupancy for all of the space in the Building duly issued by the New York City Department of

Buildings, but Tenant's failure to obtain such permanent Certificates of Occupancy within such six (6)-month period shall not be a 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 either (A) 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, or (B) to obtain such permanent Certificate of Occupancy prior to the expiration of a reasonable period after completion of construction of the interior portion of all non-residential space in the Building); provided, however, that, in any event, Tenant shall furnish Landlord with a permanent Certificate of Occupancy for all the space within one year after the date of Substantial Completion of the Building unless prevented from doing so because non-residential space is incomplete. In any event, Tenant shall furnish Landlord with such permanent Certificates of Occupancy promptly after same have been duly issued.

Section 11.05. At all times during the Term, Landlord's interest in the Premises and the assets of, or funds appropriated to, Landlord shall be free and clear of all liens arising out of, or in connection with, the construction of the Buildings, as provided in Section 16.02, but the foregoing shall not modify Tenant's right to mortgage Tenant's

interest in the Premises in accordance with the provisions of this Lease.

Section 11.06.

(a) The materials to be incorporated into 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 continue 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 Landlord's 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, and (iv) any refunds, credits or other proceeds which may be obtained in respect of such materials shall be the property of Tenant. All such materials, immediately upon purchase of same, shall be and shall be deemed to be leased to Tenant hereunder.

(b) All Construction Agreements with respect to construction of the Building which shall be effective prior to the Completion of the Building shall include the following provision: "[contractor] [subcontractor] [materialman] here-

by 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 [or if Landlord is other than Battery Park City Authority, insert name], 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 [or if Landlord is other than Battery Park City Authority, insert name] 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 [or if Landlord is other than Battery Park City Authority, insert name] 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 [or if Landlord is other than Battery Park City Authority, insert name], and provided further, that any refunds, credits or other proceeds which may be received in respect of such materials shall be the property of Tenant."

(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, the sum of Six Hundred Eighteen Thousand Three Hundred Seventy-Nine Dollars ($618,379), payable in eight equal quarterly payments, the first such payment to be made on the first day of the fourth calendar month following the Commencement of Construction and the succeeding payments to be made on the first day of each third month thereafter. Such amounts payable to Landlord by Tenant shall be deemed Rental under this Lease. In the event Tenant is compelled by any Governmental Authority to pay any sales or compensating use tax in respect of materials incorporated (or to be incorporated) in the Building and as to which Tenant previously has made to Landlord payments in lieu of such taxes, Tenant shall receive a credit against the next installment of Base Rent or PILOT or payment in lieu of sales and compensating use taxes described above in an amount equal to the total amount of such taxes, together with interest and penalties thereon, if any, which Tenant has been compelled to pay to such Governmental Authority (but not interest or penalties arising from the failure to make payment promptly upon request by the Governmental Authority), provided that (i) each Construction Agreement with respect to construction of the Building contains the provision set forth in Section 11.06(b), (ii) Tenant has notified Landlord in writing that a claim has been made therefor promptly after receiving notice of such

claim and prior to payment of such taxes, (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 subjected to any lien, encumbrance or charge, and Tenant would not by reason thereof be subject to any civil or criminal liability, and (iv) in no event shall the credit allowed to Tenant hereunder exceed the amount of monies paid or to be paid to Landlord in lieu of such taxes pursuant to this Section. Tenant acknowledges that, in connection with the construction of the Building, Tenant may be liable for sales and compensating use taxes in respect of property other than materials to be incorporated in the Building.

(d) In connection with any payment to be made to Landlord pursuant to Section 11.06(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 any and all costs or expenses which Landlord may sustain or incur while acting pursuant to this section.

Section 11.07. Upon the request of Landlord, Tenant, at its sole cost and expense, shall furnish and install a project sign, designed, and with such text as shall be required by Landlord, at a location on the Premises satisfactory to Landlord and Tenant, provided that Tenant shall not be required to expend more than Five Hundred Dollars ($500.00) in respect of the foregoing. Tenant also shall extend to Landlord and any of its designee(s), the privilege of being a featured participant in ground-breaking and opening ceremonies to be held at such time and in such manner as Landlord and Tenant shall agree.

Section 11.08. Tenant shall, at its sole cost and expense, remove from the Project Area all fill which is excavated by Tenant therefrom and shall deposit same outside the Project Area in full compliance with all applicable Requirements. In addition, Tenant hereby indemnifies Landlord against and saves Landlord harmless from all liabilities, obligations, damages, judgments, claims, costs and expenses (including but not limited to reasonable attorneys' fees and disbursements) paid, suffered or incurred by Landlord as a result of any claim, demand or cause of action by any person or entity arising out of, or in connection with, Tenant's actions or omissions in violation of this Section 11.08. In addition, Tenant shall reimburse Landlord for any damages

Landlord itself may suffer by reason of Tenant's actions or omissions in violation of this Section.

Section 11.09. 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, including but not limited to those carried on by other developers in Phase II and pursuant to four Agreements of Severance Lease between Landlord and Olympia & York Battery Park Company, dated as of June 15, 1983 and those activities incident to the construction of the Civic Facilities and civic facilities in other portions of the Project Area. Subject to the rights granted Tenant pursuant to Article 26, 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. 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 or this Lease, (iii) undertake its construction activities in accordance with normal New York City construction rules and (iv) promptly repair or, if reasonably required by Landlord, replace any portion of the 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 from Landlord or elsewhere, 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. Landlord shall have the right, but shall not be obligated, to erect a perimeter fence enclosing some or all of the parcels within Phase II (as shown on map incorporated in Exhibit "I" annexed hereto and made part hereof) (the Premises and such parcels collectively, the "Parcels"), provided such fence shall have entrances so as to permit construction access to the Premises, as provided in said Exhibit "I". 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 reasonably re-

quired by Landlord, replace same in the manner provided in the immediately preceding clause (iv)(A). Unless such fence is in existence prior to the Commencement Date, Tenant shall enclose the Land with 8-foot high chain-mesh fence so as to separate the Land from the remainder of the Project Area, except Tenant shall not be required to fence where the Land is contiguous with the Storage Area, and during construction Tenant shall maintain such fence, whether or not erected by Tenant, in good condition and replace same if necessary. Notwithstanding the foregoing, if the tenant of any parcel that is contiguous to the Premises shall commence construction on such parcel prior to Substantial Completion of the Building, then Tenant may remove the portion of the fence which separates the Premises from such parcel. In any event, upon substantial completion of construction on the Land, Tenant shall remove the fence. Subject to applicable Requirements, Tenant shall have the right to remove the fence at an earlier date if Tenant has commenced its program to lease units or make Unit Sales.

Section 11.10. Tenant shall cause its contractors and all others in the Project Area 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, or permit or suffer its contractors and others in the Project Area con-

nected with Tenant's construction to engage in, permit or suffer, any conduct which may disrupt such harmonious relationship.

Section 11.11. Consistent with Tenant's Development Schedule and its Lease obligations, Tenant shall carry out development of the Building in a manner which does not interfere with, delay or impede the activities of other contractors and developers within the Project Area. If, in Landlord's reasonable judgment, Tenant fails to comply with its obligations under this Section 11.11, Landlord may, in addition to any other remedies it may have hereunder, order Tenant (and Tenant's contractors and others in the Project Area connected with Tenant's construction) to cease those activities which Landlord believes interfere with, delay or impede such other contractors or developers. No delay or other loss or hindrance suffered by Tenant arising from any such order by Landlord or from the actions or omissions of any 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.

Section 11.12.

(a) In furtherance of Tenant's construction of the Building, but subject at all times to the status of construc-

tion activity on the Parcels, Landlord has designated a portion of Marginal Street described on Exhibit "I" as to which Tenant shall have a revocable license to store construction materials and equipment (the "Storage Area"), and Landlord shall have the right, at its sole cost and expense, to erect a perimeter fence around the Storage Area (other than the portion adjacent to the Premises), provided there is construction access thereto. In the event Landlord gives Tenant notice that such license is terminated because the license of Landlord to use the Storage Area has been terminated, Tenant's license shall be deemed revoked and terminated on the date specified in such notice (which date shall not be earlier than twenty (20) days after the date such notice is given), and Tenant shall (subject to Unavoidable Delays), on or before the date specified in such notice remove from the Storage Area all such construction materials and equipment and every other thing placed therein by or on behalf of Tenant, repair all damage resulting from Tenant's activity in the Storage Area and restore the Storage Area to the condition it was in prior to any such activity. In any event, Tenant's license shall terminate and Tenant shall complete such removal, repair and restoration no later than the date of Substantial Completion of the Building. In the event Tenant fails to vacate, repair or restore the Storage Area on or before the date specified in such notice or the date of Substantial Completion of the Building, as the case may be, and otherwise

as hereinabove provided, then, in addition to and not in lieu of such rights as Landlord may have pursuant to Article 24, Landlord shall be entitled (but shall not be obligated) to remove from the Storage Area everything placed therein by or on behalf of Tenant and to undertake such repair and restoration. Landlord shall not be liable to Tenant, any of Tenant's contractors or any other person (i) with respect to any property so removed, or (ii) for any delay, inconvenience, annoyance disturbance or other damage by reason of any action taken by Landlord under this Section. All reasonable costs and expenses incurred by Landlord in effectuating such removal, repair and restoration, together with interest thereon at the Prime Rate plus two percent (2%) per annum, shall be paid by Tenant to Landlord within ten (10) days after demand. Landlord shall submit to Tenant written evidence reasonably satisfactory to Tenant substantiating the amount demanded by Landlord. All monies payable to Landlord under this Section shall constitute Rental under this Lease. Landlord reserves the right (for itself and its employees, agents and contractors) to enter upon the Storage Area to inspect the same and for the purpose of exercising Landlord's rights under this Section 11.12. During the period that Tenant shall be permitted to use the Storage Area hereunder, no party other than Tenant and its contractors, agents and employees shall be entitled to use same.

(b) In order to induce Landlord to agree to the provisions set forth in the preceding Section 11.12(a), Tenant agrees that time shall be of the essence with respect to Tenant's obligation to vacate, repair and restore the Storage Area, as set forth in said Section.

(c) Tenant shall not be obligated to use the Storage Area, but any use of the Storage Area by Tenant shall be subject to and in accordance with the provisions of this Section 11.12.

Section 11.13. With respect to construction of the Building, 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.

Section 11.14. Tenant shall at all times during the Term prior to the earliest to occur of (1) Commencement of Construction, (2) the initial advance under construction mortgage financing or (3) November 1, 1984 (the "Increased Letter of Credit Date") secure its obligation to pay Rental hereunder by depositing with Landlord upon the execution of this Lease a clean irrevocable letter of credit drawn in favor of Landlord and in form and content acceptable to Landlord, having a term commencing on the Commencement Date and extending through November 15, 1984 in the amount of Two

Hundred Thousand Dollars ($200,000) payable in United States dollars upon presentation of a sight draft and a certificate by an officer of Landlord that Landlord is entitled to draw on the letter of credit and issued by and drawn on a commercial bank or trust company which is a member of the New York Clearing House Association. Tenant shall during the period commencing on the Increased Letter of Credit Date and expiring upon Completion of the Building, secure its obligation to pay Rental hereunder by depositing with Landlord at least ten (10) days prior to the Increased Letter of Credit Date a clean irrevocable letter of credit drawn in favor of Landlord and in form and content acceptable to Landlord, having a term of not less than one (1) year from the date of issuance, payable in United States dollars upon presentation of a sight draft and a certificate by an officer of Landlord that Landlord is entitled to draw on the letter of credit, and issued by and drawn on a commercial bank or trust company which is a member of the New York Clearing House Association. The amount of this letter of credit shall be Five Hundred Fifty Thousand Dollars ($550,000). Tenant may satisfy its obligation to supply an irrevocable letter of credit in the amount of $550,000 by renewing the irrevocable letter of credit in the amount of $200,000 for the appropriate period and depositing with Landlord an irrevocable letter of credit in the amount of $350,000 which complies with the provisions of the preceding sentence or by modifying the irrevocable letter of

credit in the amount of $200,000 so as to increase such amount to $550,000 and otherwise causing it to comply with the provisions of the preceding sentence. This letter of credit shall be renewed in the same amount, except that the amount of the letter of credit may be reduced to Two Hundred Seventy Five Thousand Dollars ($275,000.00) upon the later to occur of (i) one year after the date of issuance of such letter of credit, or (ii) six (6) months after completion of the construction of the Foundation of the Building, provided Tenant shall have duly paid all Rental payable during the period between the date of issuance of such letter of credit and such later date and no default under this Lease as to which Landlord shall have given Tenant notice shall exist on such later date. Tenant shall cause the letter of credit, as same may be renewed, to remain in effect (effecting renewal(s) if necessary) until Completion of the Building, provided, however, that if on the date of Completion of the Building, Landlord has given Tenant notice of any default by Tenant under this Lease which remains uncured, Tenant shall cause the letter of credit to remain in effect until such default is cured (effecting renewal(s) if necessary). Upon Completion of the Building, or upon such later date that all defaults by Tenant under this Lease of which Tenant has been given notice have been cured, Landlord shall return the letter of credit to Tenant. Each renewed letter of credit shall be delivered to Landlord not less than thirty (30) days be-

fore the expiration of the then current letter of credit. Tenant, in lieu of depositing with Landlord one or more renewals of the initial letter of credit, shall be entitled to so deposit one or more extensions of same or one or more new letters of credit, provided that each such extended or new letter of credit, as the case may be, shall be deposited thirty (30) days before the expiration of the then current letter of credit and shall otherwise comply with the provisions of this Section 11.14. If Tenant has failed timely to deliver the requisite letter of credit, renewal, extension or modification of the existing letter of credit, Landlord shall, if actually aware of such failure, give Tenant written notice of such failure, or if the period prior to the date of termination of the existing letter of credit is too short for such notice to be received and acted upon by Tenant prior to such termination, Landlord shall endeavor to give notice of such failure by some other method. Failure of Tenant, in accordance with this Section 11.14, to deliver the requisite letter of credit, renewal, extension or modification of the existing letter of credit, shall, in addition to the other remedies provided herein, entitle Landlord, regardless of its failure to give the notice provided for in the preceding sentence, to present the outstanding letter of credit or renewal or extension thereof for payment, in which event Landlord may hold and apply the proceeds thereof (together with any interest earned thereon) as provided in Section

11.15. The requirements under this Section 11.14 that Tenant maintain the letter of credit in effect until Completion of the Building shall not be deemed to constitute a waiver by Landlord of any Default by Tenant of its obligation to cause the Building to be Substantially Completed by the Scheduled Completion Date.

Section 11.15. At any time and from time to time during the Term, so long as Tenant is required to maintain an irrevocable letter of credit pursuant to this Article, if an Event of Default shall occur under this Lease, whether or not this Lease is thereby terminated, Landlord is hereby authorized by Tenant to present the 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 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. Landlord shall give notice to Tenant whenever Landlord ap-

plies any portion of the proceeds and Tenant shall thereupon obtain and deliver to Landlord an irrevocable letter of credit in the same amount as, and containing terms and conditions similar to, the one presented by Landlord, and thereupon Landlord shall pay the unapplied balance to Tenant and the Event of Default with respect to which the security was applied shall be deemed cured.

Section 11.16. Tenant agrees that all piledriving shall take place in accordance with applicable Requirements and during hours normally permitted for such work in New York City. Landlord agrees (a) to include this provision in all leases of parcels within Phase II and (b) not to grant to any other tenant of such a parcel permission to undertake piledriving other than as provided in this Section.

Section 11.17. Landlord agrees that the leases to be entered into with other tenants of parcels within Phase II shall require such tenants to observe requirements substantially similar to those required of Tenant pursuant to Sections 11.01(h), 11.07, 11.08, 11.09, 11.10, 11.11 and 11.13. Landlord further agrees to enforce observance of such requirements on a non-discriminatory basis.

Section 11.18. Exhibit "I" is incorporated in this Article by reference.

ARTICLE 12

REPAIRS

Section 12.01. Except as may be otherwise expressly provided in Article 26, Tenant, at its sole cost and expense, throughout the Term shall take good care of the Premises, including, without limiting the generality of the foregoing, 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) and sidewalk hoists in front of or adjacent to the Premises, water, sewer and gas connections and pipes which are located on and 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 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. 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 shall be equal in

quality and class to the original work and shall be made in compliance with (a) the laws, regulations and rules of New York City and all other Governmental Authorities, (b) requirements of the New York Board of Fire Underwriters or any successor thereto, and (c) the Building Code of New York City, as then in force, and (d) all other Requirements.

Section 12.02. Tenant, at its sole cost and expense, also shall keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the sidewalks, grounds, chutes and sidewalk hoists comprising a part of, or which are situated in front of or adjacent to, the Premises and any parking facilities and plazas on the Land.

Section 12.03. Except as may be expressly otherwise provided in Article 26, (a) 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, or to demolish, the Building, and (b) Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. Particularly, but without limitation of the im-

mediately foregoing covenant, Tenant shall not clean or require, permit, suffer or allow any window in the Building to be cleaned from the outside in violation of Section 202 of the Labor Law or any successor statutory provision or of the rules of the Industrial Board or other state, county or municipal department, board or body having jurisdiction.

ARTICLE 13

CHANGES, ALTERATIONS AND ADDITIONS

Section 13.01. From and after Substantial Completion of the Building, Tenant shall not demolish, replace or materially alter the Building, or any part thereof (but not including Equipment, which shall be governed by the provisions of Article 15), or make any addition thereto, whether voluntarily or in connection with repairs required by this Lease (collectively, "Capital Improvement"), unless Tenant shall comply with the following requirements and, if applicable, with the additional requirements set forth in Section 13.02:

(a) No Capital Improvement shall be undertaken until (i) Landlord shall have consented to sufficiently detailed plans and specifications therefor, pursuant to Section 13.02, and (ii) 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 construction (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 or expense to Landlord. Copies of all such Improvement Approvals, certified by Tenant to be true copies thereof, shall be delivered to Landlord. Notwithstanding the foregoing, if the estimated cost of any proposed Capital Improvement is less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), such estimated cost for all purposes under this Article 13 to be determined as provided in Section 8.02(b), Tenant (i) subject to the provisions of Section 13.02(b), shall not be obligated to obtain Landlord's consent with respect to such Capital Improvement, but (ii) shall comply with all other provisions of this Section 13.01 and Section 13.02(b) and Section 13.02(d).

(b) Any 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 was commenced.

(c) Any Capital Improvement shall be made with reasonable diligence and continuity (Unavoidable Delays excepted) and in a good and workmanlike manner and in compliance with (i) all Improvement Approvals and building and zoning laws, (ii) the Master Development Plan, the Design Guidelines and, if required pursuant to Section 13.02(a), the Plans and Specifications, (iii) the plans and specifications therefor as the same may be amended and approved by Landlord

when such approval is required under this Lease, (iv) the orders, rules, regulations and requirements of any Board of Fire Underwriters or any similar body having jurisdiction, and (v) all other Requirements.

(d) The cost of any Capital Improvement shall be paid in cash or its equivalent, so that the Premises and the assets of, or funds appropriated to, Landlord shall at all times be free of liens for labor and materials supplied or claimed to have been supplied to the Premises except as provided in Section 16.02.

(e) No construction of any Capital Improvement which involves work which affects the structural portion of the Building shall be commenced until Tenant shall have delivered to Landlord insurance policies with respect to the Premises or Acceptable Binders with respect to such policies or certified copies or duplicate originals of such policies issued by responsible insurers, bearing notations evidencing the payment of the then current installment of premiums thereon or accompanied by other evidence satisfactory to Landlord of such payments, for the insurance specified in Section 11.03(a)(iv). Alternatively, (i) at least five (5) days before the date any such Capital Improvement shall be commenced, Tenant shall deliver to Landlord Acceptable Binders for each such policy of insurance or certificates

with respect thereto, together with proof of payment as aforesaid, (ii) no later than forty-five (45) days after such commencement date, Tenant shall deliver to Landlord a certified copy of the declaration page of, or a certificate with respect to, each policy (or a certified copy thereof) showing amounts of coverage and limits of liability (and, in addition, with respect to any insurance carried by Tenant in blanket, umbrella, or following form excess policies including all liability coverages in the underlying schedule, schedules showing the location of premises covered thereby and the amounts of insurance afforded by the policies applicable to the Premises), and (iii) in any event, promptly after receipt thereof, Tenant shall deliver to Landlord each such policy or a certified copy or a duplicate original of each such policy. Tenant, at no cost or expense to Landlord, shall keep in full force and effect, such insurance until completion of 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 the Capital Improvement, shall obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

Landlord and Tenant shall comply with the provisions of Section 7.02 hereof to the extent applicable to the insurance required by this Section 13.01(e).

(f) Landlord shall notify Tenant of Landlord's determination with respect to any request for consent required under this Section 13.01 within fourteen (14) days of the later of (i) Landlord's receipt of such request from Tenant and (ii) Landlord's receipt of sufficiently detailed plans and specifications and the Article 11 Materials, if any, which Landlord shall have requested in accordance with Section 13.01(a). Landlord's failure so to notify Tenant within said time period shall be deemed to constitute consent to such request.

Section 13.02.

(a) If the estimated cost of any proposed Capital Improvement shall exceed Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), either individually or in the aggregate with other Capital Improvements undertaken in any Lease Year during the Term, Tenant shall:

(i) cause such proposed Capital Improvement to be carried out under Tenant's Architect or

Tenant's Engineer (Landlord not unreasonably to withhold or delay approval of same);

(ii) furnish to Landlord the following at least fourteen (14) days before the commencement of any work in connection with the proposed Capital Improvement:

(w) sufficiently detailed plans and specifications for the Capital Improvement, prepared by Tenant's Architect or Tenant's Engineer, and, at the request of Landlord, any of the Article 11 Materials, all of the foregoing to be subject to Landlord's review and approval for conformity with the Master Development Plan, the Design Guidelines, and in the event such Capital Improvement is commenced within ten (10) years after the date of Substantial Completion of the Building, the Plans and Specifications;

(x) a contract, in form assignable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor reasonably approved by Landlord, providing for (1) the completion

of the Capital Improvement in accordance with the schedule included in the plans and specifications, and (2) payment and performance bonds in forms and issued by sureties satisfactory to Landlord, naming each contractor as obligor and Landlord, Tenant and each Mortgagee as obligees, each in a penal sum equal to the amount of such contract or other security reasonably satisfactory to Landlord;

(y) an assignment to Landlord (subject to any prior assignment to any Mortgagee) without recourse, representation or warranty of the contract so furnished, 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 reentry 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; and

(z) unless Landlord has given the written approval of the payment and performance bonds provided for in the contract for the Capital Improvement referred to in Section 13.02(a)(ii)(X)(2), deposit with Depository a bond, cash or other security reasonably satisfactory to Landlord in the amount of the estimated cost of such Capital Improvement, to be held and applied by Depository, to the extent applicable, in accordance with the procedures of Section 8.02, as security for the completion of the work, free of public improvement, vendors', mechanics', laborers' or materialmen's statutory or similar liens; and

(iii) upon completion of the proposed Capital Improvement, furnish Landlord with respect thereto (A) a complete set of "as-built" plans, prepared and certified to be complete and correct by Tenant's Architect or Tenant's Engineer, (B) where applicable, a survey meeting the requirements of Section 11.04 hereof, and (C) a copy of a current permanent Certificate of Occupancy duly issued by the New York City Department of Buildings, to the extent required for lawful occupancy and use of such Capital Improvement.

(b) Notwithstanding that the estimated cost of any Capital Improvement is less than Two Hundred Fifty Thousand Dollars ($250,000) (Subject to Indexing), to the extent that any portion of the Capital Improvement involves work which affects either the exterior of the Building, including windows, or any other matter required to be in conformity with the Master Development Plan, the Design Guidelines or, in the event such Capital Improvement is commenced within ten (10) years after the date of Substantial Completion of the Building, the Plans and Specifications, or involves a change in the height, bulk or setback of the Building from the height, bulk or setback existing immediately prior to the Capital Improvement, then Tenant shall deliver to Landlord at least fourteen (14) days before the commencement of the Capital Improvement, a complete set of plans and specifications for the Capital Improvement, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the reasonable approval of Landlord, and, at Landlord's request, any of the Article 11 Materials, all of the foregoing to be subject to Landlord's review and approval as provided in Section 13.02(a)(ii)(w).

(c) Except where specifically provided otherwise herein, Landlord shall notify Tenant of Landlord's determination with respect to any request for approval required under this Section 13.02 within fourteen (14) days of the later of

(i) Landlord's receipt of such request from Tenant and (ii) Landlord's receipt of the plans and specifications and the Article 11 Materials, if any, which Landlord shall have requested in accordance with Section 13.02(b). Landlord's failure to so notify Tenant within said time period shall be deemed to constitute approval. Landlord's approval shall not be withheld unreasonably and shall not be withheld if, in the reasonable judgment of Landlord, the proposed Capital Improvement conforms to the Master Development Plan, the Design Guidelines and, in the event such Capital Improvement is commenced within ten (10) years after the Substantial Completion of the Building, the Plans and Specifications.

(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)(w) with respect to, or which will in any way affect, any aspect of the exterior of the Building or which will affect compliance with the Design Guidelines, the Master Development Plan or, if such Capital Improvement is commenced within ten (10) years after the Substantial Completion of the Building, the Plans and Specifications, 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 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, the Design Guidelines and, if such Capital Improvement is commenced within ten (10) years after the Substantial Completion of the Building, the Plans and Specifications, 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, the Design Guidelines or, if such Capital Improvement is commenced within ten (10) years after the Substantial Completion of the Building, the Plans and Specifications 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, 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 ten (10) 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.

Section 13.03. 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 11.06, 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

Section 14.01. Subject to the provisions of Section 14.02 hereof, Tenant, at its sole cost and expense, promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders (collectively, "Requirements") without regard to the nature or cost of the work required to be done, extraordinary, as well as ordinary, of any and all Governmental Authorities (other than those of Landlord and Master Landlord acting in their respective capacities as Landlord and Master Landlord as distinguished from their capacities as Governmental Authorities, except as otherwise expressly required in this Lease or the Master Lease) now existing or hereafter created, and of any and all of their departments and bureaus, of any applicable Fire Underwriting Bureau or other body exercising similar functions, affecting the Premises or any street, avenue or sidewalk comprising a part of, or which is situated in front of or adjacent to, the Premises or any vault in or under the Premises, 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, and 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. Tenant also shall comply with any and all provisions and requirements of any casualty, liability or other insurance policy required to be maintained by Tenant under the provisions of this Lease. In the event that performance by Tenant of, or compliance by Tenant with, any covenant, agreement, term or condition contained in this Lease shall cause Tenant to violate one or more Requirements, the Requirement(s) shall govern.

Section 14.02. Notwithstanding any provision to the contrary contained in Section 14.01 or elsewhere in this Lease, Tenant shall, at Tenant's sole cost and expense, have (a) the right to contest the validity of any Requirements or the application thereof and (b) subject to the security requirement below, the right to defer compliance with such contested Requirement, provided that neither the Premises nor any part thereof, or interest therein or any income therefrom, or any assets of or funds appropriated to Landlord, would, by reason of any such proceeding instituted by Tenant or deferment of compliance, be forfeited or lost, or subjected to any lien, encumbrance or charge (except to the extent covered by

any security deposited in accordance with this Section 14.02) and neither Landlord nor Tenant would by reason thereof be subject to any civil or criminal liability. Tenant shall only have the right to defer compliance with any contested Requirement if before the institution of any legal or administrative proceedings, Tenant shall have furnished to Landlord a surety company bond, or other security acceptable to Landlord in an amount 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 shall be begun 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. Upon Tenant's request, Landlord shall join in or otherwise cooperate in any proceeding brought by Tenant, but in no event shall Landlord be subject to any liability for the payment of any costs or expenses, including reasonable legal fees and disbursements incurred by Landlord, in connection with any such proceeding, and Tenant shall be responsible for any such costs or expenses.

Section 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, at its sole cost and expense, perform all of Landlord's obligations as tenant under the Master Lease relating to the maintenance and operation of the Premises.

ARTICLE 15

EQUIPMENT

Section 15.01. All Equipment shall become 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, except for repairs, cleaning or other servicing, without the prior consent of Landlord, which consent shall not be unreasonably withheld or delayed, unless the same is reasonably promptly replaced (subject to Unavoidable Delays) 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.

Section 15.02. Tenant shall keep all Equipment in good order and repair and shall replace the same when

necessary or appropriate with items at least equal in utility and value to the Equipment being replaced.

ARTICLE 16

DISCHARGE OF LIENS; BONDS

Section 16.01. Except for any Mortgages or other mortgages on Tenant's interest in this Lease, and any security agreements or interests or financing statements executed in connection with such Mortgages or other mortgages, and except for Subleases and the Title Matters, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises or any part thereof, or the income therefrom. Tenant shall not create or permit to be created any lien, encumbrance or charge upon any assets of, or funds appropriated to, Landlord or upon Landlord's interest in the Premises or the Project Area.

Section 16.02. If any mechanic's, laborer's or materialman's lien 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 against the Project Area 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 twenty (20) 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 seven (7) 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. Any amount so paid by Landlord, including all reasonable costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Prime Rate plus two percent (2%) per annum, from the respective dates of Landlord's making of the payment or incurring of such costs and expenses, shall constitute Rental payable by Tenant under this Lease and shall be paid by Tenant to Landlord on 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 satisfactory to Landlord in an amount sufficient to pay such lien with interest and penalties.

Section 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 or any assets of, or funds appropriated to, Landlord. Notice is hereby given, and Tenant shall cause all Construction Agreements to provide, that Landlord shall not be liable for any work performed or to be performed at the Premises for Tenant or any Subtenant or for any materials furnished or to be furnished at the Premises for any of the foregoing, and that no mechanic's or other lien for such work or materials shall attach to or affect the estate or interest of Landlord in and to the Premises or any part thereof, or any assets of, or funds appropriated to, Landlord.

Section 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

NO REPRESENTATIONS BY LANDLORD

Tenant acknowledges that Tenant is fully familiar with the Land, the physical condition thereof (including, without limitation, the fact that the Premises include substantial portions of landfill which may present special difficulties in the design, construction and maintenance of the Building), the Title Matters, the Master Lease, the Master Development Plan and the Design Guidelines. Tenant accepts the Premises in their existing condition and state of repair, and, except as otherwise expressly set forth in this Lease or the exhibits hereto, Tenant agrees (a) that no representations or warranties, express or implied, have been made by or on behalf of Landlord in respect of (i) the Premises or the status of title thereto or physical condition thereof (including, without limitation, the landfill portions thereof), (ii) zoning or other laws, regulations, rules or orders applicable to the Premises or the use thereof, this transaction or Landlord, (iii) Taxes, or (iv) the Master Lease, the Master Development Plan or the Design Guidelines, and (b) that Tenant has relied on no such representations or warranties, and that Landlord shall in no event whatsoever be liable for any latent or patent defects in the Premises.

ARTICLE 18

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

Section 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, or 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 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 which may arise from any other cause whatsoever except to the extent any of the foregoing shall have resulted from the negligence or other tortious acts of Landlord or its agents, servants or employees; 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.

Section 18.02. Landlord shall not be liable to Tenant or to any other Person for any failure of water supply, gas or electric current, or 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, or for interference with light or other incorporeal hereditaments 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 other tortious acts of Landlord or its agents, servants or employees.

Section 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, movements, subsidence, failure in loadbearing capacity of, or other matter or difficulty related to, the soil, or other surface or subsurface materials, on or constituting a part of the Premises, it being agreed that Tenant shall assume and bear all risk of loss with respect thereto.

ARTICLE 19

INDEMNIFICATION OF LANDLORD AND OTHERS

Section 19.01. Tenant shall not do, or knowingly permit any Subtenant, owner or lessee of a Unit or any employee, agent or contractor of Tenant or of any Subtenant or owner or lessee of a Unit to do any act or thing upon the Premises or elsewhere in the Project Area which may reasonably be likely to subject Landlord or any former Landlord to any liability or responsibility for injury or damage to persons or property, or to any liability by reason of any violation of law or any other Requirement, and shall use its best efforts to exercise such control over the Premises and, during such period as Tenant shall be using the Storage Area, the Storage Area, so as to fully protect Landlord and any former Landlord against any such liability. Tenant, to the fullest extent permitted by law, but subject to the provisions of Section 41.08, shall indemnify Landlord and any former Landlord and the State of New York and their agents, directors, officers and employees (collectively, the "Indemnitees"), against and save the Indemnitees harmless from any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, 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 the occurrence of any of the following during the Term, except (i) to the extent that the same shall have been caused by the negligence or other tortious acts or failures to act of any one or more of the Indemnitees and (ii) Tenant shall not be obligated to indemnify any of the Indemnitees with respect to consequential damages:

(a) construction of the Building or any other work or thing done in or on the Premises or any part thereof;

(b) 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 and curbs is limited to an alteration, repair, condition, or maintenance of any street or curb done or performed by Tenant or any agent, contractor, servant or employee of Tenant or which Tenant is obligated to do or perform.

(c) any negligent or tortious act or failure to act (or act or failure 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;

(d) 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, on or about any alley, sidewalk, curb, vault, passageway or space adjacent thereto;

(e) during such period as Tenant shall use the Storage Area, any use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Storage Area or any part thereof, or any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in or on the Storage Area or any part thereof;

(f) any failure on the part of Tenant to pay Rental or 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 (including, without limitation, Tenant's obligations under Article 11 hereof);

(g) any lien which may be alleged to 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 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;

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

(i) any tax attributable to the execution, delivery or recording of this Lease other than any real property transfer gains tax or any other transfer tax which may be imposed on Landlord; or

(j) any contest by Tenant permitted pursuant to the provisions of Articles 4, 14 and 28 hereof.

Section 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, subject to the provisions of Section 19.03, by the failure or refusal of any

insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

Section 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, at its sole cost and expense, 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 or delayed. 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 written consent, nor if Landlord retains its own attorneys and such retention will materially impair or materially diminish Tenant's insurance coverage and Landlord has been so advised in writing by Tenant's insurer.

Section 19.04. The obligations of Tenant, as set forth herein, to indemnify Landlord with respect to any event occurring prior to the Expiration Date shall survive the Expiration Date.

ARTICLE 20

RIGHT OF INSPECTION, ETC.

Section 20.01. Upon reasonable notice, Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times 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 portion of the Civic Facilities, and (d) making any necessary repairs to the Premises and performing any work therein or thereon that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work, provided that, (i) except in any emergency, Landlord shall have given Tenant a notice specifying such repairs or work and Tenant shall have failed to make said repairs or to do such work within thirty (30) days after the giving of such notice, or if said repairs or such work cannot reasonably be completed during such thirty (30)-day period, to have commenced and be diligently pursuing the same, or (ii) in an emergency, Landlord shall have attempted to advise Tenant of same in such manner as, under the circumstances, shall have been practicable.

Section 20.02. Nothing in this Article 20 shall be construed so as to impose upon Landlord the obligation to do any work that Tenant is obligated to do 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 Unit Owner or any Subtenant by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into or on to 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.

ARTICLE 21

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 21.01. If Tenant at any time shall be in Default of any of its obligations under this Lease, after notice thereof and after the expiration of applicable grace periods, if any, permitted hereunder for Tenant and its Mortgagee, respectively, to cure or commence to cure same, Landlord, in its own name and not as agent of Tenant, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to) perform such obligations on Tenant's behalf.

Section 21.02. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord pursuant to Section 21.01 in connection with the performance of any obligation of Tenant under this Lease, together with interest thereon at the Prime Rate plus two percent (2%) per annum from the respective dates of Landlord's making of each such payment or incurring of each such sum, cost, expense, charge, payment or deposit until the date of receipt of repayment by Landlord, shall be paid by Tenant to Landlord within (10) days after demand, provided that Landlord shall have submitted to Tenant written evidence reasonably satisfactory to Tenant substantiating the amount demanded by Land-

lord. 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 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 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. All monies payable to Landlord pursuant to this section shall constitute Rental under this Lease.

ARTICLE 22

NO ABATEMENT OF RENTAL

Except as may be otherwise expressly provided in this Lease, there shall be no abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction of or against Rental payable by Tenant hereunder or of or against the other obligations of Tenant hereunder under any circumstances.

ARTICLE 23

PERMITTED USE; NO UNLAWFUL OCCUPANCY

Section 23.01. Subject to the provisions of law and this Lease, Tenant shall use (and require each Subtenant, Unit Owner and Sublessee of a Unit to use) the Premises as and for the purposes contemplated by the Master Lease and in accordance with the Certificate or Certificates of Occupancy for the Premises and all other Requirements, the Master Development Plan and the Design Guidelines, and for no other uses or purposes, provided that Subleases of residential space (other than Subleases of more than a floor) need not specify the Master Development Plan and the Design Guidelines.

Section 23.02. Tenant shall not use or occupy, or permit or suffer the Premises or any part thereof to be used or occupied, for any unlawful or illegal business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private) or that is offensive by reason of odors, fumes, dust, smoke, noise or other pollution, or for any purpose or in any way in violation of the Certificate or Certificates of Occupancy for the Premises or of any present or future governmental laws, ordinances, requirements, orders, directions, rules, regulations or other Requirements, or which may reasonably be expected to make

void or voidable any insurance then in force in respect of the Premises or, without Landlord's prior consent, for any use which requires a special permit under the Zoning Resolution of the City of New York. Tenant shall take, immediately upon the discovery of any such unpermitted, unlawful, illegal or extra hazardous use, all necessary and lawful actions, legal and equitable, to compel the discontinuance of such use or to oust or remove any Subtenants or others causing or permitting such unpermitted, unlawful, illegal, or extra hazardous use. If for any reason Tenant shall fail to commence such actions within thirty (30) days after receipt of notice from Landlord specifying such unpermitted, unlawful, illegal or extra hazardous use, Landlord is hereby irrevocably authorized to take all such actions in Tenant's name and on Tenant's behalf, Tenant hereby appointing Landlord as Tenant's attorney-in-fact for all such purposes. 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 Prime Rate plus two percent (2%) per annum from the respective dates of Landlord's making of each such payment or incurring of each such cost, expense or charge until the date of receipt of repayment by Landlord, shall be paid by Tenant to Landlord on demand and shall constitute Rental under this Lease.

Section 23.03. Tenant shall not 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.

Section 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 terms of 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 and related documents.

ARTICLE 24

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS, REMEDIES, ETC.

Section 24.01. Each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall fail to pay any installment of Base Rent or any other payment 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 thereof from Landlord to Tenant;

(b) if (i) Commencement of Construction shall have failed to occur on or before November 1, 1984, (subject to Unavoidable Delays) and (ii) such failure shall continue for twenty-five (25) days (subject to Unavoidable Delays) after notice thereof from Landlord to Tenant;

(c) if (subject to Unavoidable Delays) Tenant shall fail to remove from the Storage Area all construction materials, equipment and every other thing placed therein by or on behalf of Tenant on or before the date specified in any notice given to Tenant by Landlord in accordance with the provisions of Section 11.12;

(d) If the Building shall not be Substantially Completed in a good and workmanlike manner in accordance with the Plans and Specifications, the Master Development Plan, the Design Guidelines and Requirements on or prior to October 31, 1987, subject to Unavoidable Delays.

(e) if Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in this Lease and such failure shall continue for a period of thirty (30) days after notice thereof from 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 period and shall, subject to Unavoidable Delays, thereafter diligently and continuously prosecute the same to completion);

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

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

(h) 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 Tenant, and an order for relief is entered, or if Tenant shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other bankruptcy or similar statute or law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator, creditor's agent or other similar official of Tenant or of all or any substantial part of the properties of Tenant or of the Premises or any interest therein of Tenant, or if Tenant shall take or acquiesce in any corporate action in furtherance of any action described in Sections 24.01(f), (g) or (h) hereof; or

(i) to the extent permitted by law, if within sixty (60) days after the commencement of any proceeding against Tenant, seeking relief under any federal bankruptcy code or any other present or future applicable federal, state

or other similar bankruptcy statute or law, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, custodian, assignee, sequestrator, liquidator, creditor's agent or other similar official of Tenant or of all or any substantial part of Tenant's properties or of the Premises or any interest therein of Tenant, 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;

(j) if Tenant shall abandon the Premises;

(k) if this Lease or the estate of Tenant hereunder shall be assigned, subleased, transferred or encumbered, voluntarily or involuntarily, or there shall be a Transfer, voluntary or involuntary, without Landlord's approval to the extent required hereunder or without compliance with the provisions of this Lease applicable thereto, and such noncompliance is not remedied or such approval is not obtained or such assignment, sublease, transfer, encumbrance or Transfer is not cancelled within thirty (30) days after notice thereof from Landlord to Tenant;

(l) if a levy under execution or attachment shall be made against the Premises or any part thereof, or against this Lease or the leasehold estate created thereby and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of thirty (30) days; or

(m) if a corporation which is Tenant, or a general partner of Tenant, or a general partner of a general partner of Tenant, shall at any time fail to maintain its corporate existence in good standing, and such failure shall continue for twenty (20) days after notice thereof from Landlord or any governmental agency to Tenant.

Section 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 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 10.08 or receives a New Lease pursuant to Section 10.09.

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.

Section 24.03.

(a) If any Event of Default (i) described in Sections 24.01(b), (f), (g), (h), or (i) hereof shall occur, or (ii) described in Sections 24.01(c), (d), (e), (j), (k), (l) or (m) shall occur and Landlord, at any time thereafter, at its option, gives written 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, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if the date on which the Event of Default described in clause (i) above occurred or the date specified in the notice given pursuant to clause (ii) 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 to Landlord. 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 Sections 24.01(h) or 24.01(i) hereof, or by federal or state statute, then,

following the expiration of any such stay, or if the trustee or similar official 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 24.13 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 five (5) days' notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said five (5)-day period this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession and/or said trustee shall immediately quit and surrender the Premises as aforesaid.

(b) If an Event of Default described in Section 24.01(a) shall occur, or this Lease shall be terminated as provided in Section 24.03(a), Landlord, without notice, may re-enter and repossess the Premises without being liable

to indictment, prosecution or damages therefor and/or may dispossess Tenant by summary proceedings or otherwise.

Section 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, substantially in accordance with the Master Development Plan and the Design Guidelines, 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 Articles 7, 8 or 9 or by Landlord under the letter of credit referred to in Section 11.14) 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 Land-

lord'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 (A) terminating this Lease, re-entering, retaking, repossessing, completing construction and repairing or altering the Premises, or any part thereof, (B) removing all persons and property therefrom and (C) securing any new tenants and other occupants and, (ii) second, 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. For all purposes under this Section 24.04(b), Landlord's cost and expense shall include, but shall not be limited to, 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 cost of maintaining and operating the Premises;

(c) if Landlord shall not have declared all Base Rent due and payable pursuant to Section 24.02 hereof, Tenant shall be liable for and shall pay to Landlord, as dam-

ages, 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 (after deducting from the rents collected under any such reletting all of the payments to Landlord described in said Section 24.04(b)); 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;

(d) if Landlord shall not have declared all Base Rent 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; and

(e) in any event, Landlord shall have the right to retain as liquidated damages all of the security (or the proceeds thereof) deposited by Tenant under any provision of this Lease.

Section 24.05. No termination of this Lease pursuant to Section 24.03(a) or (b) or taking possession or reletting of 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.

Section 24.06. 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.

Section 24.07. 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 a 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.

Section 24.08. No receipt of monies 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, 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 monies due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such monies collected being deemed payments on account of the use and occupation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

Section 24.09. 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 to the extent permitted by law 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.

Section 24.10. 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, condition, right or remedy. No covenant, agreement, term or condition of this Lease shall be waived except as provided in Section 41.11. No waiver of any breach shall affect or

alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 24.11. 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, to the extent permitted by law, be entitled to enjoin such breach or threatened breach and shall have the right, subject to Section 41.08, 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.

Section 24.12. Subject to the provisions of Section 41.08, 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.

Section 24.13. If an order for relief is entered or if a stay of proceedings or other acts as to Tenant or Tenant's interest in this Lease becomes effective 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 bankruptcy or similar 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 protect Landlord's right, title and interest in and to the Premises or any part thereof or 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 in lieu of Rental 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 (including, without limitation, rents to be derived under Subleases) 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 reasonably acceptable to Landlord in property of Tenant 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 or enter into a Sublease with respect to all or substantially all of the Premises (pursuant to Title 11 U.S.C. §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 and assume the obligations of Tenant hereunder or enter into any such Sublease, as the case may be, on terms acceptable to the trustee, Tenant or Tenant as debtor-in-possession, then notice of such proposed assignment or subletting, 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 this Lease or such Sublease, as the case may be, 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 or Sublease, and Landlord shall thereupon have the prior right and option, to be exercised by notice to the trustee given no later than thirty (30) days after receipt by Landlord of the notice of the proposed assignment or subletting and prior to the effective date of such proposed assignment or subletting, to accept an assignment of this Lease or to enter into such Sublease 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 in connection with such assignment or subletting.

Section 24.14. In the event that Tenant shall dispute any claim by Landlord that Tenant has defaulted in its obligations under this Lease, Tenant may pay such monies or perform such actions as may be demanded by Landlord under protest and shall not be deemed thereby to have waived any rights it may have to challenge such claim by Landlord.

Section 24.15. Nothing contained in this Article 24 shall be deemed to modify the provisions of Sections 10.08, 10.09, 10.10 or 41.08 hereof.

ARTICLE 25

NOTICES

Section 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, same 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 delivering or by mailing the same to Tenant by registered or certified mail, postage prepaid, return receipt requested, addressed to Tenant c/o The Related Companies, Inc., 645 Fifth Avenue, New York, New York 10022 (with copies to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10154, Attention: Joseph E. Browdy, Esq. and to Shipley & Rothstein, 645 Fifth Avenue, New York, New York 10022, Attention: Ann Shipley, Esq.) or to such other address 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 10.08(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 40 West Street, New York, New York 10006, Att: 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).

Section 25.02. Every notice, demand, request, consent, approval, or other communication hereunder shall be deemed to have been given, received or served when delivered, or if mailed, three 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).

Section 25.03. Landlord shall give to Tenant a copy of any notice relating to the Premises or the Civic Facilities which is given or received by Landlord pursuant to the Master Lease or the Settlement Agreement.

ARTICLE 26

CONSTRUCTION AND MAINTENANCE OF THE CIVIC FACILITIES

Section 26.01

(a) The term "Civic Facilities" shall mean the following improvements in the Project Area, as more particularly described in the Civic Facilities Drawings and Specifications enumerated in Exhibit "D" annexed hereto and made part hereof (the "Civic Facilities Drawings and Specifications") and the Plans and Specifications:

(i) Electrical, gas and telephone mains;[1]

(ii) Water mains;[2]

(iii) Sanitary and storm sewers;[2]

(iv) Fire hydrants and Emergency Response Service ("ERS") conduits and boxes;[2]

(v) Street lighting (conduit, cable, poles, fixtures and connections);[2]

(vi) Streets;[2]

(vii) Curbs;[2]

(viii) Temporary concrete sidewalks;

(ix) Permanent sidewalk, including cobble strip and concrete paving;

(x) Landscaped esplanade ("Esplanade");

(xi) Landscaped park ("Rector Park");

(xii) Street trees;

(xiii) Balustrade; and

(xiv) Such supporting platforms and foundations as may be required for (i) through (xiii) above and for electrical vaults to be installed by the appropriate utility company.(1 and 2)

(b) The term "Tenant's Civic Facilities" shall mean the following portions of the Civic Facilities:

(i) Permanent sidewalk on Albany Street, South End Avenue and Rector Park North adjacent to the Premises, including cobble strip and concrete paving;

(ii) Street trees (Tenant to install eight (8) trees on Rector Place, nine (9) trees on South End Avenue, four (4) trees on Albany Street and ten (10) trees on that portion of the Land adjacent to Marginal Street), the kinds of such trees and the exact location and installation thereof to be in accordance with specifications to supplied by Landlord pursuant to letter dated the date hereof by Landlord to Tenant; and

(iii) Landscaping and sidewalk along Marginal Street frontage (without cobble strip) including

concrete paving, and three (3) light poles in accordance with specifications to be supplied by Landlord.

(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.

Section 26.02. Subject to Unavoidable Delays, each party, at its sole cost and expense, shall commence and thereafter diligently undertake and complete, or cause to be undertaken and completed, in accordance with the Civic Facilities Drawings and Specifications and the Development Schedule set forth in Exhibit "D", the Plans and Specifications, and Tenant's Development Schedule set forth in Exhibit "F", the construction or installation of Landlord's Civic Facilities or Tenant's Civic Facilities, as the case may be, in a good and workmanlike manner and in compliance with normal New York City construction rules and all applicable Requirements. Notwithstanding the fact that, prior to the date hereof, certain portions of Landlord's Civic Facilities have been dedicated to New York City, Landlord's obligation to complete construction or installation of such Civic Facilities shall remain in full force and effect. Alterations and restorations of Rector Park and the Esplanade shall be made in conformity with the Master Development Plan, the Design Guidelines and,

in the event any such alteration or restoration is commenced within ten (10) years after the Commencement Date, the Civic Facilities Drawings and Specifications.

Section 26.03.

(a) Landlord, subject to Section 26.05, and Tenant each shall, at its respective sole cost and expense, 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"), and may create a reserve fund for such purposes except that (i) Tenant shall have the sole obligation to perform Maintenance Obligations in respect of temporary concrete sidewalks adjacent to the Premises and (ii) provided that Tenant previously has caused the street trees referred to in Section 26.01(b)(ii) to be installed in accordance with the requirements of this Article 26 and has performed Maintenance Obligations in respect of such street trees for one year after installation, Landlord shall thereafter have the sole obligation to perform Maintenance Obligations in respect of said street trees, including the replacement thereof. Tenant shall have no obli-

gation to replace street trees or sidewalks removed at the direction of the City of New York and the parties shall co-operate in an attempt to obtain the permission of the City of New York to plant street trees and install sidewalks. The obligation of Landlord to perform Maintenance Obligations hereunder 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 marked[1] shall be performed by the appropriate utility companies and for those portions of the Civic Facilities marked[2] shall be performed by New York City. Notwithstanding the initial sentence of this Section 26.03(a), Mainterance Obligations on the part of Landlord in respect of any portion of the Civic Facilities marked[1] or [2] 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.

(b) Subject to Section 26.05 and the provisions of the next-to-last sentence of this Section 26.03(b), each party shall, at its sole cost and expense, keep those portions of the Civic Facilities with respect to which and for so long as such party is obligated to perform Maintenance Obligations pursuant to Section 26.03(a) insured (except that Landlord's obligations under this Section 26.03(b) shall not,

and Tenant's obligations shall, pertain to the street trees referred to in Section 26.01(b)(ii)) for the mutual benefit of Landlord and Tenant against:

(i) loss or damage by fire, water and flood and such other risks as may be insured under an "All Risk of Physical Loss" form of policy, in amounts sufficient in each case to prevent any insured thereunder from becoming a coinsurer within the terms of the applicable policies, and in any event, in an amount not less than one hundred percent (100%) of the actual replacement value of such portions of the Civic Facilities, excluding foundation and excavation costs (such policies shall name Tenant as an additional insured to the extent of its insurable interest in such Civic Facilities); and

(ii) loss or damage by such other hazards and in such amounts as is customarily carried by prudent owners of like improvements, having regard to the character of such portions of the Civic Facilities and the use or function thereof, (it being agreed by Landlord that it shall maintain in force comprehensive general liability insurance against liability for bodily injury,

death and property damage, naming Tenant as an additional insured thereunder).

The obligations imposed upon Landlord by this Section 26.03(b) in respect of any portion of the Civic Facilities marked[1] or [2] 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. In the event Landlord fails to maintain in force the insurance required to be maintained by Landlord under this Section 26.03(b), Tenant, after thirty (30) days' notice to Landlord, or such shorter notice as may be necessary to prevent cancellation of the applicable policy shall have the right no earlier than five days prior to the last day for payment thereof (but shall not be obligated) to pay the premiums therefor and to receive an offset against Base Rent and the Civic Facilities Payment in an amount equal to the total premiums so paid together with interest thereon at the Prime Rate plus two percent (2%) per annum from the respective dates of Tenant's making of each such payment until the date of offset by Tenant.

Section 26.04.

(a) Except as provided in Section 26.04(d), Tenant's sole remedies for a failure by Landlord substantially

to complete construction or installation of a portion of Landlord's Civic Facilities as provided in Section 26.02 ("Landlord's Construction Obligations") shall be (i) an extension of the Scheduled Completion Date (and, in the event of such a failure by Landlord with respect to those portions of landlord's Civic Facilities enumerated in Landlord's Civic Facilities Schedule, as hereinafter defined, an extension of the respective dates set forth in Tenant's Development Schedule, for substantial completion of Superstructure and Enclosure of Building) by the number of days elapsing between the date Landlord is obligated substantially to complete such construction or installation and the date such construction or installation is substantially completed, (ii) as more fully described, and with the limitations set forth, in Section 3.01(d), the abatement of Tenant's obligation to pay Base Rent, (iii) the right to engage in Self-Help, as defined in Section 26.04(b), and to receive the offset against Base Rent and Civic Facilities Payment provided for in Section 26.04(c) and (iv) the right to seek an injunction (the remedies specified in (i) through (iv) above, collectively, "Approved Remedies"). Landlord's failure to perform Landlord's Construction Obligations shall not give rise to any right or remedy except the Approved Remedies, or entitle Tenant to any discount from or offset against any Rental except as set forth in Sections 3.01(d) and 26.04(c) or to any other damages, and no delay, non-performance or part performance by Landlord

under Section 26.02 shall release Tenant from or modify any of its obligations under this Lease except as provided herein. Tenant's sole remedies against Landlord for a failure by Landlord to perform its Maintenance Obligations in accordance with Section 26.03 shall be (i) the right to engage in Self-Help and to receive the offset against Base Rent and Civic Facilities Payment provided for in Section 26.04(c) and (ii) the right to seek an injunction, and no such failure shall entitle Tenant to any other right, remedy or damages against Landlord. Furthermore, notwithstanding the provisions of this Section 26.04(a) or Section 26.04(b), Tenant shall not be entitled to act pursuant to the preceding sentence at any time that a Default exists with respect to Tenant's obligation to pay Civic Facilities Payment, as provided in Section 26.05. 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 set forth herein.

(b) If Landlord fails to perform Landlord's Construction Obligations or thereafter to complete Landlord's Civic Facilities as provided in Section 26.02 with reasonable diligence (subject to Unavoidable Delays), or if 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 Construction Obligations or 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 written 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 such 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 Phase II of whose names and addresses Landlord shall have given Tenant notice, and, in the event Tenant engages in Self-Help, Tenant covenants to 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

Phase II. 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 the Civic Facilities at all reasonable times for the purpose of determining whether or not Landlord is in compliance with Landlord's Construction Obligations and Landlord's Maintenance Obligations. Landlord hereby grants Tenant a right to enter upon the 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 this Section 26.04 (except pursuant to the succeeding Section 26.04(d)), 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 Base Rent and Civic Facilities Payment payable under this Lease an amount equal to the reasonable expenses thereby incurred and/or theretofore paid by Tenant together with interest thereon at the Prime Rate plus two percent (2%) per annum computed with respect to each

payment made by Tenant under this Section 26.04(c) from the date such payment is made until the date(s) Tenant effectuates the offset(s).

(d) In the event Landlord shall fail substantially to complete construction or installation of a portion of Landlord's Civic Facilities by the date set forth in Landlord's Civic Facilities Schedule with respect to such portion and such failure shall result from Unavoidable Delay, then, notwithstanding that the Approved Remedies shall be unavailable to Tenant, Tenant shall have the right, at Tenant's sole cost and expense, without receiving the offset against Base Rent or Civic Facilities Payment provided for in Section 26.04(c), to engage in Self-Help in accordance with Section 26.04(b).

(e) In the event Landlord shall fail to perform Landlord's Construction 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 achieve such substantial completion shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under this Lease.

(f) Tenant has provided Landlord with Tenant's Development Schedule. Landlord has provided Tenant with a schedule of the anticipated dates of Substantial Completion of the various portions of Landlord's Civic Facilities ("Landlord's Civic Facilities Schedule").

Section 26.05.

(a) As its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading Rector Park, the Esplanade, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Section 26.01(b)(ii) and insuring the Civic Facilities in accordance with Section 26.03(b) (and creating a reserve fund for such purposes) (such costs being hereinafter referred to as "Operating Costs"), Tenant, for each Tax Year or portion thereof within the period commencing on the date on which a Temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term, shall pay to Landlord an annual sum ("Civic Facilities Payment") determined as follows:

(i) for the period commencing on the Initial Occupancy Date and ending on the last day of the Tax 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 number of days between the Initial Occupancy Date and the last day of the Tax 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 Tax Years an amount equal to the product obtained by multiplying the number of residential units in the Building by One Hundred Fifty Dollars ($150);

(iii) for each of the next three Tax Years, an amount equal to the product obtained by multiplying the number of residential units in the Building by Two Hundred Dollars ($200);

(iv) for the next succeeding Tax Year and for each Tax Year thereafter throughout the remainder of the Term, with respect to Rector Park, said curbs and said street trees, an amount equal to the product of (A) the Rector Park Budget (as hereinafter defined) multiplied by (B) .1269 (said figure being computed by dividing the

number of square feet of floor area in the Building, as permitted by the Zoning Lot Declaration, by the total number of square feet of floor area in all buildings in Phase II, as permitted by said Declaration);

(v) for the period referred to in the preceding clause (iv), with respect to the Esplanade an amount equal to the product of (A) the Esplanade Budget (as hereinafter defined) multiplied by (B) .1269 (said figure being computed as set forth in the preceding clause (iv)).

Notwithstanding the provisions of the foregoing clauses (iv) and (v), the amount of Tenant's Civic Facilities Payment for any Tax Year referred to therein shall not be greater than one hundred twenty-five percent (125%) of Tenant's allocable share of Operating Costs for the immediately preceding Tax Year.

(b) For each Tax Year (or portion thereof in the case of (i) the period commencing on the Initial Occupancy Date and ending on the last day of the Tax Year in which the Initial Occupancy Date occurs and (ii) the Tax Year during which the Term ends) (each such Tax 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 Rector Park, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Section 26.01(b)(ii) for such Payment Period (the "Rector Park Budget") and (ii) an estimate of the Operating Costs for the Esplanade for such Payment Period (the "Esplanade Budget") (collectively, the "Civic Facilities Budget"). The Rector Park 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 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 by (B) a fraction the numerator of which shall be the number of square feet in Rector Park and the denominator of which shall be the total number of square feet in all Residential Parks. The 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 (proposed) North End Avenue intersects the North Cove (the "Residential Esplanade") by (B) a fraction the numerator of which is the number of linear feet of the Esplanade for Phase II and the denomi-

nator 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 calendar month that occurs within such Payment Period. As soon as shall be practicable after the end of each such Payment Period, Landlord shall submit to Tenant a written 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 (proposed) North End Avenue and then along said western line as extended to the southern line of (proposed) Vesey Street, on the north by

(12) parcels within Phase II, Tenant shall be deemed to have granted its approval to such transfer. Prior to effecting such transfer, Landlord shall furnish Tenant with reasonable assurances of the transferee's ability to perform Landlord's obligations in respect of the Civic Facilities and to recover the costs of same and of Tenant's right to enforce the obligations of other tenants within Phase II to make payments in respect of the Civic Facilities in accordance with the provisions of their respective leases. Landlord shall give Tenant notice of the consummation of any such transfer and, commencing with the first month following such notice, Tenant shall pay installments of the Civic Facilities Payment directly to such trust or other entity, which Payment shall continue to constitute Rental hereunder. Thereafter, for each Tax Year throughout the remainder of the Term, such trust or other entity shall submit to Tenant the Civic Facilities 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 obligations hereunder, Tenant shall retain the rights provided in this Article 26 with respect to Self-Help and offsets against Civic Facilities Payments but not against Base Rent.

(e) The leases of all parcels within Phase II shall require the tenants thereunder to pay their allocable

share of the costs referred to in this Section 26.05, which shall be computed in the same manner as Tenant's share.

Section 26.06. Landlord shall perform the obligations of Landlord set forth in Exhibit "I".

ARTICLE 27

STREETS

Landlord represents and warrants that Rector Place, South End Avenue and Albany Street have been dedicated to New York City.

ARTICLE 28

STREET WIDENING

If at any time during the Term any proceedings are instituted or orders made by any Governmental Authority other than Landlord 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, at Tenant's sole cost and expense, reasonably promptly (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 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 criminal or civil liability or penalty as a result of Tenant's failure to comply promptly 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

Section 29.01. Landlord's interest in this Lease, as the same may be modified, amended or renewed, shall not be subject or subordinate to (a) any mortgage now or hereafter placed upon Tenant's interest in this Lease, or (b) any other liens or encumbrances hereafter affecting Tenant's interest in this Lease.

Section 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. The Tenant agrees to 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 necessary and 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 posses-

sion of the Premises in the event any proceeding is brought by the Master Landlord to terminate the same, and agrees that this Lease shall not be affected in any way whatsoever by any such proceeding.

ARTICLE 30

EXCAVATIONS AND SHORING

Section 30.01. If any excavation shall be made or contemplated to be made for construction or other purposes upon property adjacent to the Premises, Tenant, at its option, 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 workmanlike manner and subject to all applicable Requirements, (ii) Tenant shall have an opportunity to have its representatives present during all such work, (iii) Tenant shall be indemnified by Landlord or such other person (whichever shall do the work) 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 abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction of or

against Rental payable by Tenant hereunder and (iv) Landlord or such other person (whichever shall do the work) shall agree to reimburse Tenant for income, if any, lost by Tenant as a result of any such work; or

(b) shall do or cause to be done in a good and workmanlike manner 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 (i) Tenant shall not, by reason of any such excavation or work, have any claim against Landlord for damages or for indemnity or for abatement, suspension, deduction, discount, counterclaim, offset, diminution or reduction of or against Rental payable by Tenant hereunder, and (ii) Landlord or such other person for whom the work is being performed shall agree to reimburse Tenant for income, if any, lost by Tenant as a result of any such work.

ARTICLE 31

CERTIFICATES BY LANDLORD AND TENANT

Section 31.01. Tenant agrees at any time and from time to time upon not less than ten (10) days' prior notice by Landlord to execute, acknowledge and deliver to Landlord or any other party specified by Landlord a statement in writing 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 the Rental has been paid, and stating whether or not, to the best knowledge of Tenant, (a) there is a continuing default by Landlord in the performance or observance of any covenant, agreement or condition contained in this Lease to be performed or observed by Landlord, or (b) there shall have occurred any event which, with the giving of notice or passage of time or both, would become such a default, and, if so, specifying each such default or occurrence of which Tenant may have knowledge.

Section 31.02. Landlord agrees at any time and from time to time upon not less than ten (10) days' prior notice by Tenant to execute, acknowledge and deliver to Tenant or any other party specified by Tenant a statement

in writing 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 the Rental has been paid, and stating whether or not, to the best knowledge of Landlord, (a) there is a continuing Default by Tenant in the performance or observance of any covenant, agreement or condition contained in this Lease to be performed or observed by Tenant, or (b) there shall have occurred any event which, with the giving of notice or passage of time or both, would become such a Default, and, if so, specifying each such Default or occurrence of which Landlord may have knowledge. Upon Tenant's request, Landlord shall use its best efforts to obtain for Tenant such a certificate in respect of the Master Lease from Master Landlord, in accordance with Section 20.01 of the Master Lease. If Master Landlord fails to deliver such a certificate, then, in lieu thereof, Landlord shall execute, acknowledge and deliver to Tenant a statement in writing 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. Whenever any provision of this Lease requires Tenant to perform an act or undertaking to the satisfaction or subject to

the approval of Landlord but does not provide a specific time period for Landlord to inform Tenant whether Tenant has performed such act or undertaking to Landlord's satisfaction or so as to meet with Landlord's approval, Landlord agrees at any time and from time to time upon not less than ten (10) days' prior notice by Tenant or any Mortgagee to execute, acknowledge and deliver to Tenant or such Mortgagee a statement in writing certifying to Tenant or such Mortgagee whether Tenant has performed such act or undertaking to Landlord's satisfaction or so as to meet with Landlord's approval, provided, however, that this agreement shall not enlarge, alter or diminish any express time periods within which Landlord is required to grant approvals or consents hereunder.

ARTICLE 32

CONSENTS AND APPROVALS

Section 32.01. 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 or approval was required of its right to require such consent or approval for any further similar act.

Section 32.02. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld or delayed or is subject to a specified standard, then in the event that there shall be a final determination that the consent or approval shall have been unreasonably withheld or delayed or that such specified standard had been met so that the consent or approval should be deemed granted and Landlord or Tenant, as the case may be, promptly shall deliver to the other, upon request therefor, written confirmation of such consent or approval. If an Unavoidable Delay arises because of the unreasonable with-

holding or delay of consent by a party, the party seeking such consent or approval shall have an extended time period in which to perform such obligation or satisfy such condition equal in duration to the duration of such Unavoidable Delay. Such granting of the consent or approval and such time period extension shall be the only remedies available to the party requiring the consent or approval.

Section 32.03. 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

Section 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 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 (subject to applicable law), liens and encumbrances other than those, if any, existing at the date hereof, created 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.

Section 33.02. On the last day of the Term or upon any earlier termination of the Lease, or upon re-entry by Landlord upon the Premises pursuant to Article 24 hereof, Tenant shall deliver to Landlord all of the following which shall be in Tenant's possession: Tenant's executed counter-

parts 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 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 construction, use or operation of the Premises.

Section 33.03. Any personal property of Tenant any Subtenant, or of any Unit Owner which shall remain on the Premises for ten (10) days after the termination of this Lease and after the removal of Tenant, Subtenant, or such Unit Owner from the Premises, may, at the option of Landlord, be deemed to have been abandoned by Tenant, such Subtenant, or such 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 it. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant, any Subtenant, or any Unit Owner.

Section 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 and agreements executed by the parties simultaneously herewith, 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.

ARTICLE 35

QUIET ENJOYMENT

Landlord covenants that, so long as this Lease remains in full and effect, Tenant shall and may (subject, however, 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, liens or defects of title created or suffered by Landlord, except those encumbrances, liens or defects of title, created or suffered by Tenant and the Title Matters.

ARTICLE 36

ARBITRATION

Section 36.01. In such cases where this Lease expressly provides for the settlement of a dispute or question by arbitration, and in only such cases, the same shall be determined by arbitration conducted in accordance with this Article 36. The party desiring arbitration shall give notice to that effect to the other party and shall in such notice appoint a person as arbitrator on its behalf. Within 15 days, the other party by notice to the original party shall appoint a second person as arbitrator on its behalf. The arbitrators thus appointed shall appoint a third person, and such three arbitrators shall as promptly as possible determine such matter, provided, however, that:

(a) if the second arbitrator shall not have been appointed as aforesaid, the first arbitrator shall proceed to determine such matter; and

(b) if the two arbitrators appointed by the parties shall be unable to agree, within 15 days after the appointment of the second arbitrator, upon the appointment of a third arbitrator, they shall give written notice to the parties of such failure to agree, and, if the parties fail to agree upon the selection of such third arbitrator within 10 days after the arbitrators appointed by the parties

give notice as aforesaid, then within 5 days thereafter either of the parties upon notice to the other party may request such appointment by 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.

Section 36.02. Each arbitrator shall be a fit and impartial person who shall have had at least 5 years' experience in the County of New York in a calling connected with the matter of the dispute. If the arbitration takes place pursuant to Article 11 hereof, or concerns any Capital Improvement or Restoration, then each arbitrator shall also be a licensed professional engineer or architect having at least 5 years' experience in the design or construction of apartment buildings.

Section 36.03. The arbitration shall be conducted in accordance with the then rules of the American Arbitration Association (or any organization successor thereto) in New York City. If three arbitrators have been chosen, the arbitrators shall render their decision and award, upon the concurrence of at least two of their number, within 30 days after the appointment of the third arbitrator. Such decision and award shall be in writing and shall be final and conclusive on the parties, and copies thereof shall be delivered to each of the parties. Judgment may be had on the

decision and award of the arbitrator(s) so rendered in any court of competent jurisdiction.

Section 36.04. Landlord shall recognize the Mortgagee whose Mortgage is senior in lien (and as to whom Tenant shall have given a notice as provided in the first sentence of Section 10.08(a)) as a proper party to participate in any arbitration conducted pursuant to this Lease, provided, however, that except as provided in Section 10.10 hereof such Mortgagee shall not have the right to appoint or participate in the appointment of the arbitrators. Landlord and Tenant shall pay the fees and expenses of the one of the two original arbitrators appointed by or for such party and all other fees and expenses of the arbitration (other than the fees and disbursements of attorneys or witnesses for each party) shall be borne equally by Landlord and Tenant.

Section 36.05. If as the result of any arbitration any sum of money is found to be due or to have been overpaid from either Tenant or Landlord to the other, such sum shall be paid with interest at the Prime Rate plus two percent (2%) per annum from the date when originally due or overpaid to the date when paid or reimbursed in accordance with the determination made by the arbitrators.

Section 36.06. Landlord and Tenant shall, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement to submit to arbitration and to abide by the decision rendered thereunder.

Section 36.07. The arbitrators shall have no power to vary or modify any of the provisions of this Lease and their jurisdiction is limited accordingly.

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. Anything to the contrary contained in this Lease notwithstanding, in no event shall any interest payable by Tenant or Landlord hereunder exceed the maximum permissible interest rate then in effect in the State of New York.

ARTICLE 38

FINANCIAL REPORTS

Section 38.01. Tenant shall furnish to Landlord on or before the fifteenth (15th) day of each third month, 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, until actual occupancy by bona fide Subtenants under valid Subleases of ninety percent (90%) of the rentable residential space, and thereafter on or before the fifteenth (15th) day of each Lease Year and at such additional times as Landlord may reasonably request throughout the Term, a vacancy report/leasing status report, in form and substance reasonably satisfactory to Landlord, as of the first day of each such month or Lease Year, as the case may be. If Tenant's leasehold estate in the Premises has been submitted to either a condominium or cooperative form of ownership, Tenant shall furnish to Landlord, within one hundred twenty (120) days after the end of such entity's fiscal year, the annual financial report of such condominium or cooperative, together with any other information Landlord may reasonably request.

Section 38.02. Upon Landlord's request, if at any time Tenant shall furnish to any Mortgagee operating state-

ments 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. At the time at which Tenant furnishes any such operating statements or reports Tenant may inform Landlord of its belief that the public disclosure of 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 complies with any provision of applicable law requiring such disclosure).

Section 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 generally accepted accounting principles consistently applied throughout the periods involved 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 records of its operations of the Premises. Upon written 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 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 complies with any provision of applicable law requiring such disclosure).

ARTICLE 39

RECORDING OF MEMORANDUM

After Landlord has executed and delivered leases in respect of all parcels within Phase II, but not prior thereto, either party hereto may record this Lease. On the date hereof, Landlord and Tenant have joined in the execution of a memorandum of this Lease in proper form for recordation, which either Tenant or Landlord may record. At the request of either party, the other party hereto shall join in the execution of a memorandum, in proper form for recordation, with respect to any amendments of this Lease which may be executed and delivered by Landlord and Tenant.

ARTICLE 40

NO DISCRIMINATION

Section 40.01. Tenant covenants and agrees that 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 its subleasing of the Premises or any part thereof, or in connection with the erection, maintenance, repair, Restoration, alteration or replacement of, or addition to, any Building or the Civic Facilities (a) it shall not discriminate nor permit discrimination against any person by reason of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status, and (b) it 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.

Section 40.02. Tenant shall be bound by and shall include the following paragraphs (a) through (e) of this Section 40.02 in all Construction Agreements, service and management agreements and agreements for the purchase of goods and services and any other agreements relating to

the operation of the Premises, in such a 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 Restated Amended Agreement of Lease, made as of June 30, 1980, between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant, as thereafter amended, 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 fulfillment 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 [or successor statute to either of the foregoing], shall upon reasonable notice furnish all information and reports deemed 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 [or any successor statute].

"(e) Contractor shall include in all agreements with subcontractors the foregoing provisions of Sections (a) through (d) 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."

Section 40.03. Tenant has reviewed and participated in the development of the Affirmative Action Program annexed hereto as Exhibit "E". Tenant covenants and agrees that it shall, and shall cause each of its agents, contractors and subcontractors to, promptly and diligently carry out its obligations under said Program in accordance with the terms thereof. Notwithstanding the provisions of Article 24, if Tenant fails to comply with its obligations under this Section 40.03 or under Exhibit "E", Landlord's sole remedies shall be as provided in Exhibit "E", provided that any amounts payable by Tenant to Landlord under Section 8 of the Affirmative Action Program shall constitute Rental hereunder.

Section 40.04. Tenant has reviewed and participated in the development of the Affirmative Marketing Program annexed hereto as Exhibit "H". Tenant covenants and agrees that it shall, and shall cause each of its agents to, comply with all of the terms and provisions of said Program. Notwithstanding the provisions of Article 24, if Tenant fails to comply with its obligations under this Section 40.04 or under Exhibit "H", Landlord's sole remedies shall be as provided in Exhibit "H".

ARTICLE 41

MISCELLANEOUS

Section 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.

Section 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.

Section 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.

Section 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.

Section 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, subject to the provisions of Section 41.08, 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, provided such notice is given to all other persons named pursuant to Article 25. 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.

Section 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, li-

censes, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability (personal or otherwise) hereunder beyond Landlord's interest in the Premises, 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.

Section 41.07. 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.

Section 41.08. Notwithstanding anything contained in this Lease or at law or in equity to the contrary, it is expressly understood, acknowledged and agreed by Landlord that (a) the liability under this Lease of Tenant or of any Person who has at any time acted as Tenant for Rental, damages or any other obligation arising out of this Lease or

relating to the Premises shall be limited to proceeds of letters of credit, bonds, cash and other security payable to or on behalf of Landlord pursuant to the terms of this Lease, Tenant's interest in the Premises, including, without limitation, any then present or future rents or profits, the proceeds of any insurance policies covering or relating to the Premises and payable to Tenant or Depository on behalf of Tenant not yet received by Tenant, in the possession of Tenant or misappropriated or wrongfully distributed by Tenant, any awards payable to Tenant or Depository on behalf of Tenant in connection with any condemnation of the Premises or any part thereof not yet received by Tenant, in the possession of Tenant or misappropriated or wrongfully distributed by Tenant (it being agreed that, for purposes of this Section, the interest of Tenant in such insurance proceeds or condemnation awards shall pertain only to such portion or portions thereof as are paid to or to be paid to and retained by Tenant rather than any Mortgagee and as shall not theretofore have been expended by Tenant for Restoration), and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables of Tenant, arising out of this Lease or appurtenant to the Premises; and (b) neither Tenant (except as hereinabove provided) nor any of the directors, officers, partners, joint venturers, principals, stockholders, employees, agents or servants of Tenant shall have any liability (personal or otherwise) hereunder and no pro-

perty or assets of Tenant (except as hereinabove provided) or of any of the directors, officers, partners, joint venturers, principals, stockholders, employees, agents or servants of Tenant shall be subject to levy, execution, or other enforcement procedures for the satisfaction of Landlord's remedies hereunder. The exculpation of personal liability set forth in this Section 41.08 is intended to be absolute, unconditional and without exception of any kind.

Section 41.09. Tenant will store all refuse from the Premises off the streets, in an enclosed area on the Premises and in a manner which shall both be reasonably satisfactory to Landlord and Tenant and in accordance with the requirements of municipal and/or private sanitation services serving the Premises.

Section 41.10. 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, shall 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, 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.

Section 41.11. 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. In addition, no breach of any covenant, agreement, term or condition of this Lease to be performed or complied with by Tenant or Landlord, as the case may be, shall be waived by the other party hereto except by a written instrument executed by such other party.

Section 41.12. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 41.13. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective heirs, personal representatives, successors and (except as otherwise provided herein) assigns.

Section 41.14. All references in this Lease to "Articles" or "Sections" shall refer to the designated Article(s) or Section(s), as the case may be, of this Lease.

Section 41.15. Subject to the rights of Tenant's construction lender, all plans and drawings required to be furnished by Tenant to Landlord pursuant to Article 11, including, without limitation, the Schematics, the Preliminary Plans and Specifications and the Plans and Specifications, and any and all other plans, drawings, specifications or models prepared in connection with the initial construction of the Building, shall become the sole and absolute property of Landlord upon termination of this Lease. Tenant shall deliver all such documents to Landlord promptly upon such termination.

Section 41.16. 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 by, or registered with, as the case may be, the State of New York or any successor licensing body or authority.

Section 41.17. 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 the Landlord's entire interest in the Premises as lessee under the Master Lease, Battery Park City Authority 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 Landlord 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 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 to be performed from and after the date of such acquisition, sale or transfer.

Section 41.18. 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 41.08, 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.

Section 41.19. To the best of Landlord's knowledge, the Master Lease, the Settlement Agreement and the Memorandum of Understanding (as more fully described on Exhibit "B" hereto) are in full force and effect and have not been modified or amended. This Lease is subject to all the terms and conditions of the Master Lease. Landlord covenants and agrees that it shall not enter into or cause to be entered into any amendment or supplement to the Master Lease or the Design Guidelines which (a) increases or materially

alters or otherwise materially affects Tenant's obligations under this Lease, (b) decreases or materially alters or otherwise materially affects Tenant's monetary rights or monetary claims 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 Sections 10.01(b)(iii), 10.08, 10.09 or 10.10, unless the same is consented to by Tenant (or, in the case of (e), by Mortgagee) or is made subject and subordinate to this Lease and to the rights of any Mortgagee. In the event that Landlord shall enter into or cause to be entered into an amendment or supplement to the Master Lease or Design Guidelines which is not in conformity with this Section 41.19, Tenant shall not be obligated to comply with the provision or provisions of such amendment or supplement which do not so conform and same shall have no effect on Tenant.

Section 41.20. Nothing herein is intended nor shall be deemed to create a joint venture or partnership between Landlord and Tenant.

Section 41.21. To the extent permitted by law from time to time, Tenant shall have the right to all depre-

ciation 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. 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 41.21, and Tenant shall pay Landlord's reasonable costs and expenses thereof. Landlord makes no representations as to the availability of any such deductions, credits or tax benefits.

Section 41.22. 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. 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, and if Landlord fails to do so within ten (10)

business days after such notification by Tenant, Landlord shall be deemed to have aproved such consultant.

Section 41.23. Tenant shall not disseminate, release or in any way use any advertising or promotional materials of any kind, in whatever medium, in connection with the sale or lease (by Tenant, any Subtenant or any successor to Tenant) of any part of the Building unless, simultaneously with such dissemination, release or other use, Tenant shall submit such materials to Landlord, but Tenant shall not be required to obtain Landlord's approval of or consent to any such materials. Tenant shall have the right to use the name Battery Park City in such materials.

ARTICLE 42

CONDOMINIUM OWNERSHIP

Section 42.01. Approval of Condominium Documents by Landlord.

(a) Tenant shall submit the Condominium Documents to Landlord for Landlord's approval. Landlord's approval shall be limited solely to determining, in Landlord's reasonable opinion, whether or not the Condominium Documents conform to the provisions of this Lease. If Landlord shall determine that the Condominium Documents do so conform, Landlord shall notify Tenant to that effect within fourteen (14) business days after Landlord's receipt of the Condominium Documents. If Landlord shall determine that the Condominium Documents do not so conform, Landlord shall so notify Tenant within such fourteen (14) business day period, specifying, in reasonable detail, those respects in which the Condominium Documents do not so conform and Tenant shall revise the Condominium Documents to so conform and resubmit the Condominium Documents to Landlord. Each review by Landlord of Tenant's revisions to the Condominium Documents shall be carried out

within five (5) business days of the date of submission of the revised Condominium Documents. If Landlord shall not have notified Tenant of its determination within the periods herein set forth, Landlord shall be deemed to have determined that the Condominium Documents or revised Condominium Documents, as the case may be, do so conform.

(b) If at any time after Landlord shall have approved the Condominium Documents Tenant shall desire to amend, modify or supplement any Condominium Document, Tenant shall, except as otherwise provided herein, submit such proposed amendment, modification or supplement to Landlord for Landlord's approval, which approval shall be limited solely to determining whether or not such amendment, modification or supplement conforms to the provisions of this Lease. Each review by Landlord shall be performed in the manner provided in Section 42.01(a) within five (5) business days after submission to Landlord. Notwithstanding the foregoing, Tenant shall have no obligation to submit to Landlord and Landlord shall have no right to approve, any proposed amendment, modification or supplement (i) to change the price (including without limitation the terms of sale and manner of payment of the purchase price) or layout of, or number of rooms in, any Unit, (ii) to change the size and/or number of Units by subdividing one or more Units into separate Units, combining

separate Units into one or more Units, or otherwise, (iii) to re-apportion among the Units affected by any such change, subdivision, combination or alteration their appurtenant interests in the common elements and (iv) to any of the following provisions in the Condominium Plan: budget, composition and identity of the officers of the Board of Managers, closing costs, fees and procedures for purchasing a Unit, tax benefits, permitted occupancy of Units, policies relating to the offering, financing of Units, non-residential leases and agreements, description of Premises, location and area information, information set forth on price schedules, utility cost schedules, control by Sponsor and working capital and other funds (excluding the Security Fund).

(c) Landlord shall approve any reasonable amendments to this Article 42 as may be requested by the New York State Department of Law. In the event there is a dispute as to reasonableness of such request by the New York State Department of Law, Landlord shall appoint a representative to meet with Tenant's counsel and a representative of the New York State Department of Law to resolve the dispute. In no event however shall Landlord be obligated to approve any amendment to this Article 42 which does not conform to the provisions of this Lease other than this Article 42.

(d) The responsibility to assure that the Condominium Documents comply with all applicable Requirements, including without limitation, the rules and regulations of the New York State Department of Law, shall be Tenant's; Landlord's determination that the Condominium Documents conform to the provisions of this Lease shall not be, nor shall it be construed to be or relied upon by Tenant, any Unit Owner, any Unit Mortgagee or any other Person as a determination that the Condominium Documents comply with all applicable Requirements, including without limitation, the rules and regulations of the New York State Department of Law.

(e) Landlord's determination that the Condominium Documents conform to the provisions of this Lease shall not be, nor shall it be construed to be or relied upon by Tenant, any Unit Owner, any Unit Mortgagee or any other Person as, a determination that Landlord has approved the offering of Units pursuant to the Condominium Plan.

Section 42.02. Conditions to Recording Declaration and Closing of the Initial Unit Transfer.

(a) Subject to compliance with the provisions of this Section 42.02, Tenant may submit Tenant's leasehold

estate in the Premises to the provisions of the Condominium Act by recording the Declaration as required by the Condominium Act.

(b) Provided the conditions hereinafter set forth shall have been satisfied by Tenant (or waived by Landlord in accordance with Section 42.02(d)), Landlord shall (i) execute the Declaration for the purpose of evidencing its consent to the submission of Tenant's leasehold estate in the Premises to the Condominium Act, provided such consent be in form and substance reasonably satisfactory to Landlord or (ii) if required by applicable law or the New York State Department of Law, join in the execution of the Declaration for the sole purpose of submitting its leasehold estate in the Premises (but, in no event, its fee estate in the Premises) to the Condominium Act.

(c) Landlord shall have no obligation to consent to the recording of the Declaration or join in the execution of the Declaration, as the case may be, and Tenant shall not (x) record the Declaration or (y) consummate the Initial Unit Transfer unless the following conditions shall have been satisfied:

(i) The Condominium Documents shall have been approved, or deemed to have been approved, by

Landlord in accordance with the provisions of Section 42.01(a).

(ii) The Condominium Plan shall have been accepted for filing by the New York State Department of Law and a true and correct copy of the letter issued by the New York State Department of Law evidencing such acceptance shall have been delivered to Landlord.

(iii) The Condominium Documents shall not have been amended, modified or supplemented unless Landlord shall have approved or shall be deemed to have approved such amendment, modification or supplement, if such approval was required, in accordance with the provisions of Section 42.01(b).

(iv) There shall be in full force and effect Qualified Purchase Agreements for the purchase of at least 35% of the Units (provided, however, that with respect to an Approved Conversion such percentage shall be 15%), true and correct copies of such purchase agreements shall have been delivered to Landlord and Tenant shall have delivered to Landlord Tenant's certification that (x) each such

purchase agreement is a Qualified Purchase Agreement, (y) all conditions contained in each such purchase agreement have been (or, to the reasonable expectation of Tenant, will at closing be) satisfied and (z) the closings of the transfers of such Units pursuant to such purchase agreements are scheduled to occur within sixty (60) days after the date of the Initial Unit Transfer. If Landlord shall not have notified Tenant of its objections as to the correctness of Tenant's certification within five (5) business days after delivery by Tenant of its certification to Landlord, Landlord shall be deemed to have determined that each such purchase agreement is a Qualified Purchase Agreement.

(v) The Condominium Plan shall have been declared effective in accordance with its terms and a true and correct copy of the letter issued by the New York State Department of Law evidencing acceptance of an amendment declaring the Condominium Plan effective shall have been delivered to Landlord.

(vi) No Event of Default shall have occurred and be continuing hereunder.

(vii) The Building shall have been Substantially Completed.

(viii) Requisite Transaction Payments shall have been made.

(ix) Landlord shall have received a guarantee or other security for payment of Transaction Payments with respect to subsequent Unit Sales as provided in Section 3.08 hereof.

(d) In the event that, at any time prior to the recording of the Declaration, (i) Landlord makes payment of the Indebtedness (as defined in the Purchase Option), (ii) New York City shall exercise its right under the Purchase Option to repay the Indebtedness, or (iii) Landlord agrees to convey the Premises or assign its right, title and interest as tenant under the Master Lease or as Landlord under this Lease to New York City or any other Person, Landlord shall give Tenant notice thereof within five (5) business days after the occurrence of such event. In such event, the provisions of subparagraphs (i) (as to approval of the Con-

dominium Plan), (ii), (iii) (as to approval of amendments, modifications or supplements to the Condominium Plan), (iv), (v) and (vii) of Section 42.02(c) shall be waived by Landlord as conditions to recording the Declaration. At Tenant's request, Landlord shall (x) consent to or execute the Declaration, as the case may be, as provided in Section 42.02(b) and (y) cooperate with Tenant and, if requested by Tenant, cause Master Landlord to cooperate with Tenant in causing the Declaration to be duly recorded prior to the acquisition of the Project Area by New York City or the consummation of any such conveyance or assignment.

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

(f) The Initial Unit Transfer shall not occur and Tenant shall have no right to assign, convey, mortgage or otherwise transfer a Unit, unless the conditions set forth in Section 42.02(c) shall have been satisfied at the time of the Initial Unit Transfer. In the event the Initial Unit

Transfer shall occur on a date other than the date of recording of the Declaration, Sponsor shall deliver to Landlord, immediately prior to the Initial Unit Transfer, its certification that the conditions contained in Section 42.02(c) have been satisfied.

(g) At any time, and from time to time, upon two (2) business days prior notice by Sponsor, Landlord shall execute, acknowledge and deliver to Sponsor or any other party specified by Sponsor, a statement in writing certifying that all of the conditions in Section 42.02(c) have been satisfied (or if any such condition has not been satisfied, specifying those conditions not so satisfied) and each such statement delivered by Landlord shall contain the authorization to Sponsor's attorney (provided such attorney is acceptable to Landlord in its sole discretion) or the Unit Owner's title insurance company insuring the Unit transfer in question to collect the Transaction Payment applicable to the Unit in question and to hold the same in escrow pending prompt delivery thereof to Landlord.

Section 42.03. Subsequent Transfers of Units.

(a) Subject to the provisions of Section 10.03 hereof, any transfer of Units subsequent to the Initial Unit

Transfers shall not require the consent or approval of Landlord.

(b) Subject to the provisions of Section 10.03 hereof, any Unit Owner shall have the right to assign, sublet, mortgage or otherwise transfer its interest in a Unit without Landlord's consent or approval.

(c) Immediately following the Initial Unit Transfers, Landlord shall execute, acknowledge and deliver to Sponsor or any party specified by Sponsor, a statement in writing certifying that 35% of the Units (or, with respect to an Approved Conversion, 15% of the Units) have been sold pursuant to Qualified Purchase Agreements.

Section 42.04. Security Fund.

(a) To secure the obligations of Tenant and each Unit Owner under this Lease, Sponsor shall deliver or cause to be delivered to Landlord, immediately prior to the Initial Unit Transfer, a clean, irrevocable letter of credit (the "Letter of Credit") in the Letter of Credit Amount drawn in favor of Landlord and having a term of not less than one (1) year, payable upon presentation of sight draft in United States dollars, issued by and drawn on a commercial bank or trust company which is a member of the New York Clearing

House Association satisfactory to Landlord and in form and substance satisfactory to Landlord.

(b) The Letter of Credit, the proceeds thereof and any interest or income earned thereon are hereinafter referred to as the "Security Fund". The Security Fund shall at all times be the property of Landlord and shall be retained by Landlord or the Condominium Depository, as the case may be, and disbursed only in accordance with the provisions of this Article 42.

(c) In the event Landlord shall present the Letter of Credit for payment in accordance with the provisions of this Article 42, Landlord shall promptly deposit the Letter of Credit Amount with a commercial bank or trust company which is a member of the New York Clearing House Association designated by Landlord (the "Condominium Depository"). All monies deposited with the Condominium Depository shall be deposited in one or more insured interest-bearing accounts or invested by the Condominium Depository in bank certificates of deposit or United States treasury bills. Landlord shall promptly notify the Board of Managers of the designation of the Condominium Depository and shall cause the Condominium Depository to furnish the Board of Managers with any information reasonably requested by the Board of Managers with

respect to such deposit. The fees of the Condominium Depository, if any, shall be paid from the Security Fund.

(d) Provided Landlord shall not have applied the Letter of Credit Amount or any portion thereof in accordance with the provisions of Section 42.05, if the Letter of Credit Amount is equal to $850,000, Sponsor or any Person designated by Sponsor in the Condominium Plan shall have the right to reduce the Letter of Credit as follows: (x) upon the closings of sale of 45% of the Units, the Letter of Credit Amount shall be reduced by 10%, (y) upon the closings of sale of 60% of the Units, the Letter of Credit Amount shall be reduced by an additional 50% and (z) upon the closings of sale of 75% of the Units, the Letter of Credit Amount shall be reduced to $215,000 (each such reduction of the Letter of Credit Amount is hereinafter referred to as a "Permitted Reduction"). In the event Landlord shall have applied the Letter of Credit Amount or a portion thereof in accordance with the provisions of Section 42.05, Landlord shall have no obligation to accept a reduction of the Letter of Credit or cause the Condominium Depository to make a refund in accordance with this Section 42.04(d) unless and until all Deficiency Amounts shall have been paid in full to Landlord. Upon receipt of such Deficiency Amount(s), Landlord shall cause the Condominium Depository to promptly refund to Sponsor or any Person

designated by Sponsor in the Condominium Plan an amount equal to such Permitted Reduction. In the event the Letter of Credit shall have been presented by Landlord pursuant to Section 42.04(e), upon the satisfaction by Sponsor of the conditions set forth in this Section 42.04(d), Landlord shall cause the Condominium Depository to promptly refund to Sponsor or any Person designated by Sponsor in the Condominium Plan an amount equal to each such Permitted Reduction.

(e) If, at the expiration of eleven and one-half (11-1/2) months from the date of the Initial Unit Transfer, Landlord shall not have previously presented the Letter of Credit for payment, Landlord shall, prior to the expiration date of the Letter of Credit, present the Letter of Credit for payment, in which event, Landlord shall promptly deposit the proceeds thereof with the Condominium Depository as provided in Section 42.04(c). Notwithstanding the foregoing, Landlord shall return the Letter of Credit to Sponsor provided Sponsor shall have delivered to Landlord, at least fifteen (15) days prior to the expiration date of the Letter of Credit, cash in an amount equal to the then Letter of Credit Amount. In such event, Landlord shall promptly deposit such monies with the Condominium Depository as provided in Section 42.04(c).

(f) Commencing on the tenth (10th) anniversary of the date of the Initial Unit Transfer and on each succeeding annniversary of such date, Landlord shall cause the Condominium Depository to disburse the amount by which the Security Fund then exceeds the Maximum Fund Requirement to the Board of Managers.

(g) If not previously applied by Landlord in accordance with this Article 42, Landlord shall cause the Condominium Depository to disburse to the Board of Managers the Security Fund on the Expiration Date.

Section 42.05. Application of Security Fund.

(a) In the event any item of Rental shall not have been paid to Landlord in full when the same shall become due and payable and such failure shall continue for twenty (20) days after notice from Landlord to the Board of Managers, Landlord may, at its election and without further notice to the Board of Managers or any Unit Owner and without waiving any right or remedy granted to Landlord pursuant to any provision of this Lease, present the Letter of Credit for payment, if such Letter of Credit be outstanding, and pay to itself from the proceeds of the Letter of Credit an amount equal to the Deficiency Amount or, if the Letter of Credit shall no longer be outstanding, cause the Condominium

Depository to pay to Landlord an amount equal to the Deficiency Amount. In the event Landlord presents the Letter of Credit for payment, any proceeds in excess of the Deficiency Amount shall be promptly deposited with the Condominium Depository. In either event, Landlord shall, within ten (10) days thereafter, so notify the Board of Managers, which notice shall set forth the amount disbursed to Landlord from the Security Fund. Such disbursement from the Security Fund shall not constitute a waiver by Landlord of any Unit Owner Default or Board of Managers Failure to Act or prohibit Landlord from exercising any right or remedy granted to Landlord pursuant to the provisions of this Lease against any Defaulting Unit Owner.

(b) Upon payment by (i) the Board of Managers to Landlord of the Deficiency Amount or any lesser amount collected by the Board of Managers, as the case may be, as provided in Section 42.06(c) or (ii) a Defaulting Unit Owner or such Defaulting Unit Owner's Recogized Unit Mortgagee of the Deficiency Amount as provided in Section 42.08(f) or 42.08(g), Landlord shall either (x) promptly deposit such amount with the Condominium Depository for deposit in the Security Fund if Landlord shall have withdrawn an amount equal to the Deficiency Amount from the Security Fund or (y) apply such amount to the unpaid item of Rental if Landlord shall not

have withdrawn an amount equal to the Deficiency Amount from the Security Fund.

Section 42.06. The Board of Managers.

(a) Commencing on the date of the Initial Unit Transfer and continuing throughout the Term, all Unit Owners hereby constitute and appoint the Board of Managers their true and lawful attorney-in-fact coupled with an interest for the purposes of paying, performing and observing all of the terms, covenants and conditions of this Lease on Tenant's part to be paid, performed and observed.

(b) Commencing on the date of the Initial Unit Transfer and continuing throughout the Term, the Board of Managers, on behalf of all Unit Owners, shall, subject to the provisions of this Section 42.06, pay, perform and observe all of the terms, covenants and conditions of this Lease on Tenant's part to be paid, performed and observed. If the Board of Managers does not so pay, perform or observe any term, covenant or condition of this Lease because of a failure by a Unit Owner (hereinafter, a "Defaulting Unit Owner") to pay, perform or observe any term, covenant or condition under such Defaulting Unit Owner's Unit Assignment Agreement, the By-Laws or any other Condominium Document (a failure by a Unit Owner to pay Common Charges or any assess-

ment adopted by the Unit Owners being hereinafter referred to as a "Unit Owner Monetary Default" and any other failure by a Unit Owner being hereinafter referred to as a "Unit Owner Non-Monetary Default"; collectively, a "Unit Owner Default"), the Board of Managers shall deliver to Landlord, within forty-five (45) days after such Rental shall have become due and payable, a certificate, in reasonable detail, specifying (x) the name and Unit of such Defaulting Unit Owner, (y) the nature of such Unit Owner Default and, if such Unit Owner Default be a Unit Owner Monetary Default, the amount thereof and (z) the name and address of the Recognized Unit Mortgagee, if any (such certificate being hereinafter referred to as a "Default Certificate") and, except as otherwise provided in Section 42.08(a), within ninety (90) days after such Rental shall have become due and payable, commence and diligently and continuously prosecute all of the rights and remedies of the Board of Managers under the By-Laws, the Declaration and as provided in the Condominium Act against such Defaulting Unit Owner.

(c) If, because of a Unit Owner Monetary Default, the Board of Managers does not pay, at the time and in the manner provided in this Lease, any item of Rental, the Board of Managers shall pay, at the time and in the manner provided in this Lease, so much of such item of Rental as shall have been collected by the Board of Managers from all other Unit

Owners (such payment being hereinafter referred to as a "Partial Rental Payment"). In the event the Board of Managers shall thereafter obtain payment from the Defaulting Unit Owner or such Defaulting Unit Owner's Unit Mortgagee of such Unit Owner Monetary Default, the Board of Managers shall, within twenty (20) days thereafter, pay to Landlord the amount so obtained, but in no event, shall such amount be in excess of the Deficiency Amount. As used herein, "Deficiency Amount" shall mean an amount equal to the difference between such item of Rental and the Partial Rental Payment. The Deficiency Amount shall be applied by Landlord in accordance with Section 42.05(b).

(d) At the request of Landlord, the Board of Managers shall prepare and deliver to Landlord, within twenty (20) days after demand, a true and correct schedule of the names of all Unit Owners and the Units owned by such Unit Owners and copies of any other documents reasonably requested by Landlord. Landlord and Landlord's designee, at Landlord's expense, shall have the right, as provided in Section 38.03, to examine the records and books of account maintained by the Board of Managers and any managing agent appointed by the Board of Managers with respect to the Premises at a location designated by the Board of Managers in New York City.

(e) The Board of Managers may appoint a managing agent of the Premises for the management and operation thereof, maintenance and repair of the common elements and collection, custody and payment for Unit Owners of all Common Charges and other charges.

(f) No member of the Board of Managers shall have any personal liability under this Lease with respect to any act or omission of the Board of Managers or of any managing agent in connection with the terms, covenants and conditions on Tenant's part to be observed and performed under this Lease.

Section 42.07. Effect of Unit Owner Default on Lease; Obligations of Other Unit Owners.

(a) The failure of the Board of Managers to pay, in full, any item of Rental or part thereof when the same shall become due and payable because of a Unit Owner Monetary Default or to perform or observe any other term, covenant or condition of this Lease because of a Unit Owner Non-Monetary Default shall not constitute a Default under this Lease.

(b) Except as otherwise specifically provided herein, no Unit Owner shall be obligated to pay to Landlord any sums to replenish the Security Fund in the event the

Board of Managers does not recover the Deficiency Amount or any portion thereof from a Defaulting Unit Owner or such Defaulting Unit Owner's Unit Mortgagee as provided in Section 42.06.

(c) Any Unit Owner Default shall not constitute a Default under this Lease and, notwithstanding anything contained in this Lease, including, without limitation, this Article 42 to the contrary, Landlord shall not, nor shall it have the right to, terminate this Lease because of any Unit Owner Default.

Section 42.08. Landlord's Remedies with Respect to Unit Owner Defaults.

(a) Provided the Board of Managers shall have delivered a Default Certificate to Landlord in accordance with Section 42.06(b), Landlord shall, within ten (10) days thereafter, notify the Board of Managers whether or not Landlord intends to exercise the remedies granted to Landlord under this Section 42.08 with respect to such Defaulting Unit Owner. In the event Landlord shall have elected to exercise such remedies and shall have so notified the Board of Managers within such ten (10) day period, the Board of Managers may, but shall not be obligated, at any time thereafter to commence any action against such Defaulting Unit Owner as

provided in Section 42.06(b). In the event Landlord shall not have so notified the Board of Managers, the Board of Managers shall commence action against such Defaulting Unit Owner in accordance with Section 42.06(b). Provided the Board of Managers shall timely commence such action and diligently prosecute such action in accordance with Section 42.06(b), Landlord shall not, during the pendency of such action and except as otherwise provided in Section 42.08(d), commence any action against such Defaulting Unit Owner. In the event the Board of Managers shall fail to deliver the Default Certificate as provided in Section 42.06(b), Landlord may commence any action against such Defaulting Unit Owner at any time subsequent to the date that such Default Certificate should have been so delivered to Landlord.

(b) Provided Landlord shall have elected to exercise its rights and remedies against a Defaulting Unit Owner pursuant to Section 42.08(a), if at the expiration of sixty (60) days after such Rental shall have been due and payable a Defaulting Unit Owner shall not have paid its Proportionate Rent, Landlord shall so notify such Defaulting Unit Owner and if such Unit Owner does not pay such Proportionate Rent within thirty (30) days after such notice from Landlord, Landlord shall, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.10, have the right to commence and prosecute an action against such Defaulting Unit

Owner for such unpaid Proportionate Rent and, in connection with such action, may without further notice, re-enter and repossess the Unit of such Defaulting Unit Owner using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess such Defaulting Unit Owner by summary proceedings or otherwise and exercise such other rights and remedies granted to Landlord at law or in equity, and whether or not Landlord shall have theretofore obtained payment of such unpaid Proportionate Rent from the Security Fund pursuant to Section 42.05(a).

(c) In addition to the rights and remedies granted to Landlord pursuant to the provisions of this Lease, each Unit Owner hereby grants to Landlord, effective only upon the occurrence of a Unit Owner Default and continuing until the payment to Landlord of the Deficiency Amount, a lien on such Unit (a "Landlord's Lien"), which Landlord's Lien shall be prior to all other liens on such Unit (including without limitation, the lien of any Unit Mortgage or Recognized Unit Mortgage of record), except for Taxes, Impositions, the lien granted to the Board of Managers pursuant to the Condominium Act and liens granted to Governmental Authorities which, pursuant to applicable law, are granted a priority. Such Landlord's Lien shall be enforceable by Landlord only if Landlord shall have elected, in accordance with Section

42.08(a), to pursue its rights and remedies against such Defaulting Unit Owner.

(d) Notwithstanding anything herein contained to the contrary, Landlord shall, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.10, have the right to commence and prosecute an action against any Defaulting Unit Owner for a Unit Owner Non-Monetary Default if, by reason of such Unit Owner Non-Monetary Default, (i) Landlord's interest in the Premises, or any part thereof, shall be in imminent danger of being forfeited or lost, (ii) Landlord shall be in imminent danger of being subjected to criminal and/or civil liability or penalty, or (iii) Landlord would, in Landlord's reasonable judgment, be in default under the Master Lease as a result of such Unit Owner Non-Monetary Default.

(e) Prior to commencing any action against a Defaulting Unit Owner under this Section 42.08 Landlord shall so notify the Board of Managers and shall keep the Board of Managers reasonably informed as to the status of such action. The Board of Managers shall cooperate with Landlord, and, upon Landlord's request, shall promptly furnish to Landlord such information and documentation as may be reasonably requested by Landlord.

(f) If, during the pendency of any such action by Landlord against a Defaulting Unit Owner, either the Board of Managers, such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee shall have remedied such Unit Owner Default, Landlord shall cause such action to be discontinued with prejudice provided such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee shall have reimbursed Landlord for Landlord's costs and expenses incurred in connection with such action (including reasonable attorneys fees) together with interest thereon at the Involuntary Rate.

(g) In the event Landlord shall have obtained a judgment against a Defaulting Unit Owner and shall have recovered such judgment from such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee prior to payment to Landlord of the Deficiency Amount by the Board of Managers pursuant to Section 42.06(c), Landlord shall apply the amount so collected, after deducting therefrom Landlord's reasonable costs and expenses incurred in connection with such action to the extent not previously recovered by Landlord, in payment of the Deficiency Amount and Landlord shall so notify the Board of Managers, whereupon the obligations of the Board of Managers to Landlord with respect to payment of such Deficiency Amount shall cease.

(h) If, as a result of such action by Landlord against a Defaulting Unit Owner, Landlord or any nominee or designee of Landlord shall become the owner of such Defaulting Unit Owner's Unit, Landlord or such nominee or designee shall, upon Landlord's or such nominee's or designee's acquisition of such Unit, promptly pay to the Board of Managers an amount equal to the difference between all accrued but unpaid Common Charges with respect to such Unit and the Deficiency Amount. The obligations of the Board of Managers to Landlord with respect to payment of any Deficiency Amount with respect to such Unit Owner Default shall cease. During the period that Landlord or such nominee or designee shall be the owner of a Unit, Landlord or such nominee or designee shall comply with all of the terms, covenants and conditions of the By-Laws and the Unit Assignment Agreement for such Unit, including without limitation, the payment of Common Charges for such Unit.

Section 42.09. Landlord's Remedies for Board of Managers Failure to Act.

In the event that the Board of Managers shall not have (x) paid to Landlord a Partial Rental Payment as provided in Section 42.06(c) or any Deficiency Amount or lesser amount obtained by the Board of Managers as provided in Section 42.06(c) or (y) performed or observed on behalf of the

Unit Owners any term, covenant or condition of this Lease on Tenant's part to be performed or observed, which failure to perform or observe is not the direct result of a Unit Owner Default (hereinafter, a "Board of Managers Failure to Act"), the following provisions shall be applicable:

(a) Landlord shall give notice to the Board of Managers, all Unit Owners and Recognized Unit Mortgagees specifying the nature of the Board of Managers Failure to Act.

(b) Within forty-five (45) days after Landlord shall have given such notice (i) the Board of Managers, any Unit Owner(s) or Recognized Unit Mortgagee(s) shall cause such Board of Managers Failure to Act to be remedied or (ii) if the curing of such Board of Managers Failure to Act requires the imposition of an assessment or special meeting of Unit Owners for such purpose and/or special meeting of Unit Owners in order to replace the Board of Managers or 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 repaired, done or removed, as the case may be, within such forty-five (45) day period (collectively, "Unit Owner Action"), the Unit Owner(s) shall have commenced such Unit Owner Action within such forty-five (45) day period and shall thereafter (subject to Unavoidable Delays) diligently

prosecute such Unit Owner Action to completion and promptly thereafter cause the Board of Managers Failure to Act to be remedied, provided, in any event, such Board of Managers Failure to Act shall be remedied within one hundred and eighty (180) days after the date of Landlord's notice.

(c) If a Board of Managers Failure to Act shall not have been remedied in accordance with Section 42.09(b), such unpaid Partial Rental Payment, Deficiency Amount or other unpaid item of Rental shall constitute Proportionate Rent and each Unit Owner shall be obligated to pay to Landlord its share of such Proportionate Rent in accordance with each Unit's common interest in the Premises as set forth in the Declaration. The failure of a Unit Owner to make such payment of Proportionate Rent shall constitute a Unit Owner Monetary Default, such Unit Owner shall be deemed to be a Defaulting Unit Owner and Landlord shall have the right, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.10, to pursue the rights and remedies granted to Landlord pursuant to Section 42.08 against such Defaulting Unit Owner for a Unit Owner Monetary Default.

Section 42.10. Unit Mortgages.

(a) Any Unit Owner shall have the right to mortgage its interest in a Unit to any Person (such mortgage being

hereinafter referred to as a "Unit Mortgage" and the holder of such Unit Mortgage being hereinafter referred to as a "Unit Mortgagee").

(b) Prior to commencing any action against a Defaulting Unit Owner pursuant to Section 42.08, Landlord shall give to each Unit Mortgagee who shall have furnished Landlord with a true and correct copy of such Unit Mortgagee's Unit Mortgage together with the name and address of such Unit Mortgagee (such Unit Mortgagee being hereinafter referred to as a "Recognized Unit Mortgagee" and such Recognized Unit Mortgagee's Unit Mortgage being hereinafter referred to as a "Recognized Unit Mortgage") notice of such Unit Owner Default. Each Recognized Unit Mortgagee shall have a period of twenty (20) days more than is given to a Defaulting Unit Owner within which to pay to Landlord an amount equal to such Unit Owner Monetary Default and thirty (30) days more than is given to a Defaulting Unit Owner within which to remedy any Unit Owner Non-Monetary Default or causing action to remedy such Unit Owner Non-Monetary Default to be commenced. Provided such Unit Owner Monetary Default shall be so remedied, Landlord shall not take any action against the Defaulting Unit Owner. With respect to a Unit Owner Non-Monetary Default, so long as a Recognized Unit Mortgagee, in good faith, shall have commenced to cure such Unit Owner Non-Monetary Default within such thirty (30) day period and shall

prosecute the same to completion or if possession of the Unit is required to cure such Unit Owner Non-Monetary 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, to commence promptly to cure such Unit Owner Non-Monetary Default and to prosecute the same to completion with diligence and continuity, Landlord shall not take any action against the Defaulting Unit Owner. In the event such Recognized Unit Mortgagee shall have failed to so remedy such Unit Owner Default as hereinabove provided, Landlord may commence any action against such Defaulting Unit Owner without any further notice to such Recognized Unit Mortgagee. If, with respect to any Unit, there is more than one Recognized Unit Mortgagee, Landlord shall recognize the Recognized Unit Mortgagee whose Recognized Unit Mortgage is senior in lien as the Recognized Unit Mortgagee entitled to the rights afforded by this Section 42.10(b).

(c) Landlord shall accept performance by a Recognized Unit Mortgagee of any covenant, condition or agreement on a Unit Owner's part to be performed with the same force and effect as though performed by such Unit Owner.

(d) Landlord shall have no obligations hereunder and no Unit Mortgagee shall have any rights hereunder unless such Unit Mortgagee shall be a Recognized Unit Mortgagee.

(e) In the event either the Board of Managers or the Recognized Unit Mortgagees shall have designated a representative (the "Unit Mortgagee Representative") and shall have notified Landlord of such fact, the Unit Mortgagee Representative shall have the right to participate, to the same extent as a Mortgagee, in any arbitration or other proceedings (including, without limitation, condemnation proceedings and insurance adjustment proceedings) provided for in this Lease and shall be entitled to exercise any rights afforded to Mortgagees in such arbitration or other proceedings.

Section 42.11. Miscellaneous.

(a) In the event that Taxes are assessed and levied by New York City against the Units, payment by the Unit Owners of such Taxes to New York City shall be credited against the next ensuing payments of PILOT required to be paid under this Lease.

(b) Notwithstanding anything contained in this Lease, including, without limitation, Article 16 to the contrary, the Board of Managers shall be entitled to maintain

its lien for unpaid Common Charges as provided in the Condominium Act.

(c) Except as otherwise specifically provided in this Lease, all notices, demands, requests, consents, approvals or other communications (collectively, a "notice") provided in this Lease to be given by Landlord to Tenant shall be effective for any purpose if addressed to the Board of Managers on behalf of all Unit Owners and given or served as provided in Article 25, except any notice relating to a Unit Owner or such Unit Owner's Unit shall be effective only if addressed to the relevant Unit Owner and given or served as provided in Article 25.

(d) Subsequent to the recording of the Declaration, the aggregate tax assessments for all Units shall be the basis for calculating PILOT payments under Section 3.02 hereof.

(e) (i) Notwithstanding anything contained in this Lease, including, without limitation, Article 21 to the contrary, Landlord may (but shall be under no obligation to) perform an obligation of a Defaulting Unit Owner without waiving or releasing the Defaulting Unit Owner from any obligation contained in this Lease, after notice to the Defaulting Unit Owner

and after applicable grace periods provided hereunder for the Defaulting Unit Owner, the Board of Managers, or a Recognized Unit a Unit Owner Default.

(ii) All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with its performance of any obligation of a Defaulting Unit Owner as provided herein, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making each such payment, or incurring of each such sum, cost, expense, charge, payment or deposit until the date of actual repayment to Landlord, shall be paid by the Defaulting Unit Owner to Landlord on demand. Landlord shall look only to the Defaulting Unit Owner for such recovery or to the Security Fund, if any. Any payment or performance by Landlord of an obligation of a Defaulting Unit Owner shall not be nor be deemed to be a waiver or release of breach or a Unit Owner Default by the Defaulting Unit Owner, or of the right of Landlord to institute summary proceedings or take such other action as may be provided herein against such Defaulting Unit Owner.

(f) Notwithstanding anything contained in this Lease, including, without limitation, Article 13 to the contrary, a Unit Owner may make any changes, alterations or additions to the interior of its Unit and may combine two or more Units without Landlord's consent.

(g) Notwithstanding anything contained in this Lease, including, without limitation, Article 19 to the contrary, subsequent to the date of the Initial Unit Transfer a Unit Owner shall be obligated to indemnify and save the Indemnitees harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including without limitation engineers', architects' and reasonable attorneys' fees and disbursements (collectively the "Liabilities") which may be imposed upon or incurred by or asserted against any of the Indemnitees only if such Liabilities arise by reason of the occurrence of any of those matters specifically set forth in Article 19 in connection with the Unit owned by such Unit Owner; provided however, that each Unit Owner shall pay its proportionate share, in accordance with its Unit's common interest as set forth in the Declaration, of the Liabilities if such Liabilities arise by reason of the occurrence of any of those matters specifically set forth in Article 19 and only as such Liabilities may pertain to the common elements as defined in the Declaration.

(h) Any disclaimer which Landlord requests to be incorporated in the Condominium Plan shall first be approved by the New York State Department of Law, which approval is to be obtained by Landlord at its sole cost and expense; provided, however, that (i) Tenant shall not be required to delay the preparation or submission to the New York State Department of Law of its Condominium Plan due to any such request of Landlord and (ii) the failure or refusal of the New York State Department of Law to approve any disclaimer which Landlord requests shall not reduce or diminish the obligation of Landlord to approve the Condominium Documents in accordance with the provisions of Section 42.01.

(i) Nothing in this Article 42 shall be deemed to grant to Landlord the right to (x) require inclusion in the Condominium Documents of any provision which is not required by the express terms of this Article 42, or (y) delay or withhold its approval of the Condominium Documents pursuant to Section 42.01 as a result of Tenant's refusal to include in the Condominium Documents any provision which is not required by the express terms of this Article 42.

Section 42.12. Applicability.

To the extent the provisions of this Article 42 shall conflict with any other provision of this Lease, the

provisions of this Article 42 shall govern.

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

BATTERY PARK CITY AUTHORITY

By: _____
President

LIBERTY VIEW ASSOCIATES L.P.

By: THE RELATED COMPANIES, INC.

By: _____
Peter Joseph

LRF DEVELOPERS, INC.

By: _____
Francisco Lugovina, President

RELATED LIBERTY ASSOCIATES L.P.

By: THE RELATED COMPANIES, INC.

By: _____
Peter Joseph

LRF LIBERTY ASSOCIATES, L.P.

By: LRF DEVELOPERS, INC.

By: _____
Francisco Lugovina, President

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

On this 31 day of October, 1984, before me personally came Roger S. Trudeau to me known, who, being by me duly sworn, did depose and say that he resides at 324 W 101 ST NY NY

that he is the President of BATTERY PARK CITY AUTHORITY, the public benefit corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the members of said corporation, and that he signed his name thereto by like order.

Notary Public

[Seal]

DIANNE M. BROWN
Notary Public, State of New York
No. 4677413
Qualified in Dutchess County
Commission Expires March 30, 1986

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

On this 29th day of October, 1984, before me personally came Peter Joseph to me known, who, being by me duly sworn, did depose and say that he resides at 26 Greenway Terrace, Forest Hills, New York that he is the Senior Vice President of THE RELATED COMPANIES, INC., the corporation which is the general partner of LIBERTY VIEW ASSOCIATES L.P. described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the directors of said corporation, and that he signed his name thereto by like order.

Notary Public

[Seal]

JAMES H. POWELL
Notary Public, State of New York
No. 31-8423600
Qualified in New York County
Commission Expires March 30, 1986

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

On this 29th day of October, 1984, before me personally came Francisco Lugovina to me known, who, being by me duly sworn, did depose and say that he resides at 910 Grand Concourse, Bronx, New York that he is the President of LRF DEVELOPERS, INC., the corporation which is the general partner of LIBERTY VIEW ASSOCIATES L.P. described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the directors of said corporation, and that he signed his name thereto by like order.

Notary Public

[Seal]

JAMES H. POWELL
Notary Public, State of New York
No. 31-8423600
Qualified in New York County
Commission Expires March 30, 1986

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

On this 29th day of October, 1984, before me personally came Peter Joseph to me known, who, being by me duly sworn, did depose and say that he resides at 26 Greenway Terrace, Forest Hills, New York that he is the Sen. V.P. Pres. of THE RELATED COMPANIES, INC., the corporation which is the general partner of RELATED LIBERTY ASSOCIATES L.P. which is the general partner of LIBERTY VIEW ASSOCIATES L.P. described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the directors of said corporation, and that he signed his name thereto by like order.

Notary Public

[Seal]

JAMES H. POWELL
Notary Public, State of New York
No. 31-8423600
Qualified in New York County
Commission Expires March 30, 1986

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

On this 29th day of October, 1984, before me personally came Francisco Lugovina to me known, who, being by me duly sworn, did depose and say that he resides at 910 Grand Concourse, Bronx, New York

that he is the President of LRF DEVELOPERS, INC., the corporation which is the general partner of RELATED LIBERTY ASSOCIATES L.P. which is the general partner of LIBERTY VIEW ASSOCIATES L.P. described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the directors of said corporation, and that he signed his name thereto by like order.

James H Powell
Notary Public

[Seal]

JAMES H. POWELL
Notary Public, State of New York
No. 31-8423600
Qualified in New York County
Commission Expires March 30, 1986

EXHIBIT "A"

All that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:
BEGINNING at the corner formed by the intersection of the northerly side of Rector Place with the easterly side of South End Avenue;

RUNNING THENCE North 77 degrees 31 minutes 29 seconds East along the northerly side of Rector Place, 213.60 feet to the United States Bulkhead Line approved by the Secretary of War July 31, 1941, which is also the westerly line of Marginal Street, Wharf or Place;

THENCE along the United States Bulkhead Line approved by the Secretary of War July 31, 1941, which is also the westerly line of Marginal Street, Wharf or Place the following three courses and distances:

(1) North 12 degrees 19 minutes 30 seconds West, 121.34 feet to an angle point therein;

(2) North 12 degrees 49 minutes 20 seconds West, 30.29 feet to an angle point therein;

(3) North 12 degrees 26 minutes 10 seconds West, 70.19 feet to the point formed by the intersection of the southerly side of Albany Street with the United States Bulkhead Line approved by the Secretary of War July 31, 1941, which is also the westerly line of Marginal Street, Wharf or Place;

THENCE South 77 degrees 31 minutes 29 seconds West along the southerly side of Albany Street, 110 feet;
THENCE South 12 degrees 28 minutes 31 seconds East, 121.83 feet;

THENCE South 77 degrees 31 minutes 29 seconds West, 103.78 feet to the easterly side of South End Avenue;
THENCE South 12 degrees 28 minutes 31 seconds East, 100 feet to the point or place of BEGINNING.

EXHIBIT "B"

TITLE MATTERS

1. Terms, covenants and conditions of Agreement of Lease between The City of New York, as landlord, and Landlord, as tenant, dated November 24, 1969 and recorded December 26, 1969 in Reel 161 page 1 in the office of the Register of New York City (New York County), as amended by unrecorded Agreements dated October 19, 1971, June 18, 1974, October 24, 1974, and September 10, 1979 and as further amended and superseded by a Restated Amended Agreement of Lease between BPC Development Corporation, as landlord, and Landlord, as tenant, dated June 10, 1980, a memorandum of which Restated Amended Agreement of Lease was recorded on May 11, 1980 in Reel 527 page 163 in the office of the Register of New York City (New York County), as amended by First Amendment to Restated Amended Lease dated as of June 15, 1983 and recorded on June 20, 1983 in Reel 696 page 424 in the office of the Register of New York City (New York County), and as further amended by Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in Reel 696 page 432 in the office of the Register of New York City (New York County).

2. The Settlement Agreement.

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 UDC and Landlord, as supplemented by letter, dated November 8, 1979, from the President and Chief Executive Officer of UDC and Landlord to the Mayor of the City of New York.

4. Option to purchase granted to The City of New York as set forth in Agreement between UDC, BPC Development Corporation, Landlord and The City of New York dated as of June 6, 1980 and recorded on June 11, 1980 in Reel 527 page 153, in the office of the Register of New York City (New York County).

5. Terms, covenants and conditions of Agreements among BPC Development Corporation, Landlord and The City of New York dated as of April 23, 1982 and recorded on October 27, 1982 in Reel 646 page 700 in the office of the Register of New York City (New York County); easements created by, and terms, covenants, conditions and agreements of, Declaration of Easements made among BPC Development Corporation, Landlord and The City of New York dated May 18, 1982 and recorded on October 15, 1982 in Reel 644 page 480 in the office of the Register of New York City (New York County).

2

recorded 6-20-1983 Rll 696 m 432

(2)

SECOND AMENDMENT TO RESTATED AMENDED LEASE, dated the 15th day of June, 1983 between BATTERY PARK CITY AUTHORITY ("Landlord"), a public benefit corporation of the State of New York, as landlord under the Restated Amended Lease (as hereinafter defined) and BATTERY PARK CITY AUTHORITY ("Tenant"), a public benefit corporation of the State of New York, as tenant under the Restated Amended Lease.

W I T N E S S E T H :

WHEREAS, Battery Park City Authority is both the landlord and the tenant under the Restated Amended Agreement of Lease, dated as of June 10, 1980, originally between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant (the "Lease"), as amended by First Amendment to Restated Amended Lease, of even date herewith (the Lease as so amended hereinafter collectively referred to as the "Restated Amended Lease"); and

WHEREAS, the City of New York has promulgated a housing policy and program approved by the Mayor and the Board of Estimate and set forth in the "Seventh Year Community Development Program: Housing Assistance Plan" dated September 1, 1981 (the "Housing Plan"); and

EXHIBIT "C"

WHEREAS, on November 13, 1981 the New York City Board of Estimate approved an amendment (the "Zoning Amendment") to the Zoning Resolution of the City of New York amending the Special Battery Park City District relating to the Project Area (as that term is defined in the Restated Amended Lease); and

WHEREAS, on January 13, 1983, the New York City Board of Estimate approved an increase in the amount of allowable retail space from 100,000 square feet to 250,000 square feet in the commercial core of the Project Area; and

WHEREAS, Landlord and Tenant desire to amend the Restated Amended Lease to insure that development thereunder is consistent with the Housing Plan, the Zoning Amendment and the January 13, 1983 Resolution of the New York City Board of Estimate;

NOW, THEREFORE, Landlord and Tenant hereby amend the Restated Amended Lease as follows:

1(a). Section 1.01(x) of the Lease is hereby amended by deleting the words "superseded and modified" appearing on the third line thereof and inserting in lieu thereof "supplemented";

(b). Schedule A to the Lease is hereby amended by deleting such Schedule in its entirety and substituting in lieu thereof Schedule A to this Amendment; and

(c). Schedule B to the Lease is hereby amended

by deleting such Schedule in its entirety and substituting in lieu thereof Schedule "B" to this Amendment.

2. As amended hereby, the Restated Amended Lease is in all respects ratified and confirmed.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment to the Restated Amended Lease as of the day and year first above written.

BATTERY PARK CITY AUTHORITY,
Landlord

By: _____
President

BATTERY PARK CITY AUTHORITY,
Tenant

By: _____
President

SCHEDULE A

MASTER DEVELOPMENT PLAN -- RESIDENTIAL AREA AT BATTERY PARK CITY

This Master Development Plan concerns itself with the approximately 91 acres of land located between the existing bulkhead line to the United States Pierhead line from Battery Place to the edge of the landfill located approximately 300 feet north of Chambers Street extended. A map of the project area is attached as Exhibit 1.

The residential area at Battery Park City shall contain no more than 14,100 dwelling units and be developed in accordance with the Zoning Resolution of New York City applicable to Battery Park City, as same is in effect from time to time, and shall be consistent with New York City's Housing Assistance Plan, as same is in effect from time to time. The development shall be predicated upon an overall development strategy that seeks to incorporate the best physical qualities of New York City. Each developer shall use every effort to make the residential neighborhood at Battery Park City an extension of New York City. This is to be accomplished by applying to Battery Park City familiar and proven design elements in existence in other areas of New York City. At the heart of each development shall be a system of traditional streets and blocks punctuated by open spaces and landscaped areas.

The residential areas shall be organized around an at grade circulation system of streets surrounding conventionally sized blocks. The use of this traditional pattern of streets and blocks is intended to establish a direct relationship to the adjoining upland areas and reflect the long-standing and successful pattern of development in New York City.

A strong relationship between streets and parks is to be created. Parks are to be integrated into the street grid and the streets are to take on the characteristics of parks wherever they meet. In some areas, such as Rector Place, North End Avenue and South End Avenue, the neighborhoods are to enjoy a direct relationship to the parks. At Rector Place, a formal landscaped park shall become a focus for the adjacent residential development. Along North End Avenue and South End Avenue, landscaping is to enhance the streets which will introduce complementary retail and commercial uses to the residential area. As the residential area is developed, the neighborhoods will take on qualities that provide a sense of specialness and create a unique address for their residents.

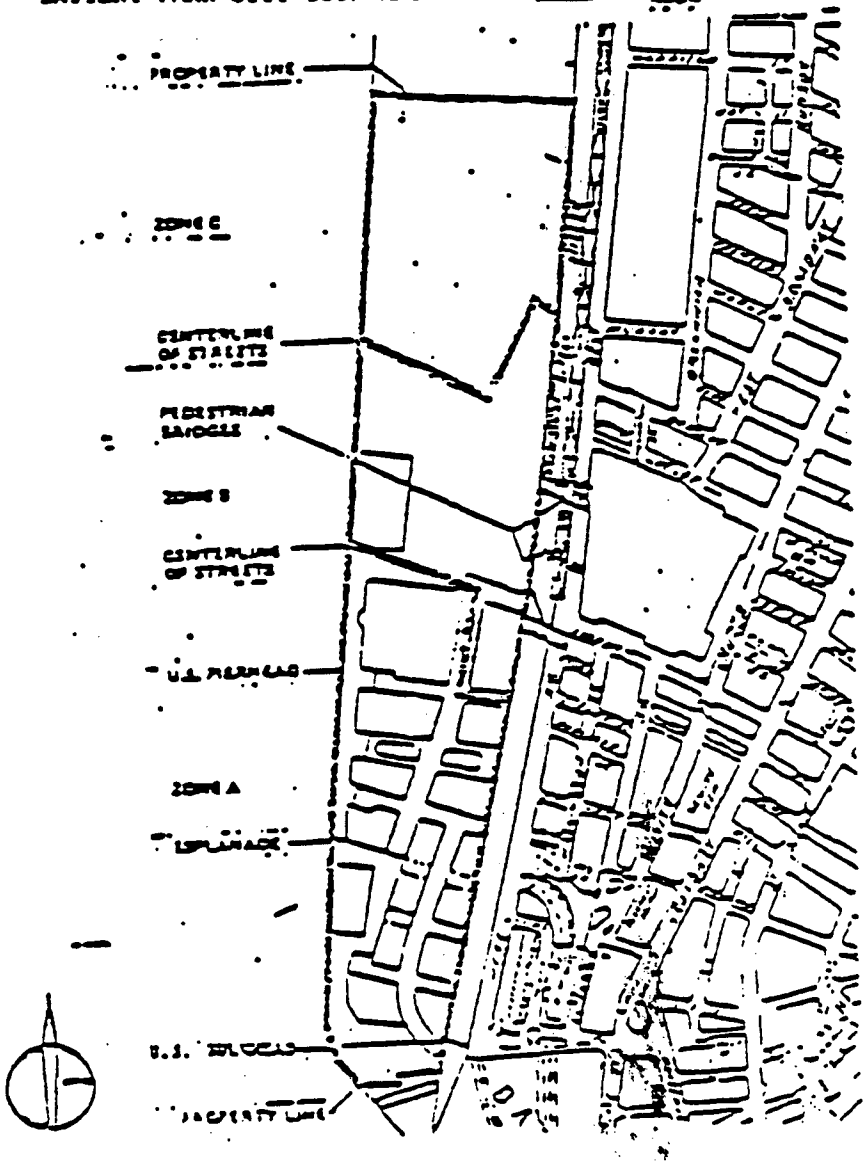
The development of the residential area contemplates construction of a variety of building types. This mix shall include high rise apartment towers, medium size apartment houses, and small, brownstone scaled buildings. These different kinds of structures shall be configured to complement each other, to create desirable relationships to the adjacent parks and to allow unobstructed views of the City and the waterfront wherever possible.

The residential area shall be developed in accordance with additional design guidelines that will describe the individual buildings in terms of location, bulk and materials. The guidelines also shall prescribe certain design features for the buildings such as arcades, mandatory street walls and architectural treatments. It is intended that careful application of the guidelines set forth herein and of any such additional guidelines shall ensure creation of the desired character of the residential development. All such guidelines shall govern and direct the residential development as it is completed over a period of several years by numerous developers on dozens of development parcels. Within the context of the aforesaid directives variety of development at the residential area will be provided through the creative interpretation of the guidelines by the different developers.

Exhibit 1

BATTERY PARK CITY BOUNDARIES

Liber 696 Page 437



BATTERY PARK CITY

LARGE-SCALE COMMERCIAL DEVELOPMENT PLAN

In order to promote and facilitate superior site planning and to allow greater flexibility while safeguarding the present and future uses of the surrounding areas, the following regulations shall guide development within the project:

1. Description of the Site (See Attachment "A")

(1.1) The site is approximately 15.2 acres of land bounded by the north edge of Liberty Street Extended on the south; the 1941 Bulkhead line on the east; the north edge of Vesey Street Extended on the north; and the 1977 Bulkhead line at the Hudson River on the west.

2. Use Regulations

(2.1) Total retail space may not exceed 2[illegible],000 square feet.

(2.2) The uses permitted for 100,000 square feet shall be those allowed by the New York City Zoning Resolution for general retail (Use Groups 6-12).

(2.3) In addition, uses permitted in Use Group 14, special services and facilities for boating and related activities, shall also be allowed except with respect to the 183,000 square feet of retail space referred to in 2.5 below.

(2.4) Retail uses permitted shall be limited to those intended to serve only the site; retail space shall be distributed in a shallow, linear configuration limited, except as set forth in 2.5 below, to not more than 10,000 square feet per establishment.

(2.5) For the remaining 183,000 square feet, retail space shall be limited to the following uses in Use Group 6:

6A. Convenience Retail or Service Establishments

1. Bakeries

2. Barber shops

3. Beauty parlors

4. Drug stores

5. Drycleaning or clothes pressing establishment

6. Eating and drinking places

7. Food stores, including - delicatessen stores

8. Hardware stores

9. Package liquor stores

10. Post offices

11. Shoe or hat repair shops

62. Offices

1. Offices, business, professional or governmental, provided that the offices shall be restricted to those that deal directly with the public, such as but not limited to stockbrokers, CPA, real estate, insurance and professional offices

6C. Retail or Service Establishments

1. Art galleries, commercial

2. Artists' supply stores

3. Banks

4. Book stores

5. Candy or ice cream stores

6. Cigar or tobacco stores

7. Florist shops

8. Gift shops

9. Loan offices

10. Locksmith shop

11. Medical or orthopedic appliance stores

12. Meeting halls

13. Music stores

14. Newstands, open or enclosed

15. Optician or optometrist establishments

16. Pet shops

17. Photographic studios

18. Picture framing shops

19. Record stores

20. Stamp or coin stores

21. Telegraph offices

22. Travel bureaus

6D. Public Service Establishments

Telephone exchanges or other communications equipment structure.

6E. Clubs

Non-commercial clubs without restrictions on activities or facilities.

6F. Accessory Uses

Further, eating and drinking establishments, meeting halls, public service establishments, non-commercial clubs and theaters, and offices located on the ground (-12.5) level may exceed the limit of 10,000 square feet per establishment.

3. Bulk Regulations

(3.1) For the purposes of future development within the site, the site shall be considered as one zoning lot.

(3.2) The density of the site shall not exceed an overall Floor Area Ratio (FAR) of 15.0. This FAR is attributable to the entire area of the site, excluding those areas designated for street or public open space usage.

(3.2.1) Residential density, if provided, shall not exceed a FAR of 12.0. No residential building or residential portion of a mixed building shall exceed a floor area of 12.0 times the lot area of the site attributable to such building.

(3.2.2) For each 300 square feet of gross residential floor area, there shall be no more than one zoning room.

(3.3) Public open space of not less than 3.0 acres (20 percent of the site area) shall be provided (See Attachment "B").

(3.4) Setbacks shall be provided in the following manner:

(3.4.1) Along the perimeter streets of the site, buildings may rise on their street line without setbacks for a height of 140 feet. They must then set back no less than 15 feet for the remaining height. If a building provides an initial setback of 20 feet or greater from the street line, no additional setback is required. For purposes of this paragraph, Liberty, West and Vesey Streets shall be deemed to be perimeter streets.

(3.4.2) Total coverage of the site by buildings above elevation +140 shall not exceed 30 percent.

(3.5) The height of any building may not be greater than one-half the height of the adjacent World Trade Center.

(3.6) The minimum distance between buildings, above a base height of 140 feet, shall be no less than 100 feet, measured from the center point of facing walls.

(3.7) The distribution of bulk shall in general reflect the illustrative concept plan shown in Attachments A, B and C.

4. Off-street Parking

(4.1) Parking shall be limited to 1,000 spaces within the site.

(4.2) All permanent spaces shall be provided within enclosed structures.

5. Provision of Improvements (See Attachment "B")

(5.1) Public improvements shall be scheduled for construction such that same will be substantially completed prior to the issuance of permanent Certificates of Occupancy for the commercial office space as follows:

(5.1.1) Enclosed pedestrian bridge: in excess of 2.5 million square feet

(5.1.2) Public open space: in excess of 4.0 million square feet

(5.1.3) Private streets: in excess of 5.5 million square feet

(5.2) The central portions of the Wintergarden and the Courtyard shall be designed in accordance with the following:

(5.2.1) The central portion of the Wintergarden in an east-west alignment shall provide public access between the landing of the North Bridge and the public plaza and waterfront promenade or esplanade. To that end, the central portion of the space, 65 feet wide between column lines, shall be devoted to public use with an average aggregate unobstructed width of 30'-0" for pedestrian access and circulation, and with at least one major pedestrian route having a clear path of not less than 15'-0". Permitted obstructions, within the 65 foot wide space, but not infringing upon the 30 foot wide public pedestrian path(s), and in addition to the small, movable, income producing retail and display uses, such as fountains and reflecting pools, sculpture and other works of art, shall not occupy more than 10% of said space.

(5.2.2) In the remaining central space, small movable, income-producing retail or display uses may be permitted, but in no event shall the total area occupied by such uses exceed eight percent of the area of the space within the column line. The City Planning Commission will be concerned specifically with the size and number of such movable elements.

(5.2.3) Free public seating shall be provided in the central space of the Wintergarden. The City Planning Commission will be looking for public seating throughout that space, in addition to the seating permitted on the grand staircase.

(5.2.4) Physically and visually uninterrupted access, including access for the handicapped, shall be provided from the west elevation of the Wintergarden to the public plaza and promenade or esplanade. The City Planning Commission, in its subsequent review, will be looking for adequate provision of access and appropriate signage, as specified in the June 15, 1981 Letter of Certification.

(5.2.5) The central portion of the Courtyard (the public space, open to the sky, located between Tower C and Tower D) in a north-south alignment, shall provide public access between the extension of Vesey Street and the public plaza and waterfront promenade or esplanade. To that end, the central bay of the Courtyard, 25 feet wide between column lines, shall be devoted to public use. Within this space there shall be an average, aggregate circulation path of not less than 15'-0". Permitted obstructions, within the 25 foot wide space, but not infringing upon the 15 foot wide public pedestrian path, shall be limited to fountains and reflecting pools, sculpture and other works of art, seating, and trees and planting beds flush with grade. These permitted obstructions shall, however, occupy no more than 10% of the public access area, between the columns.

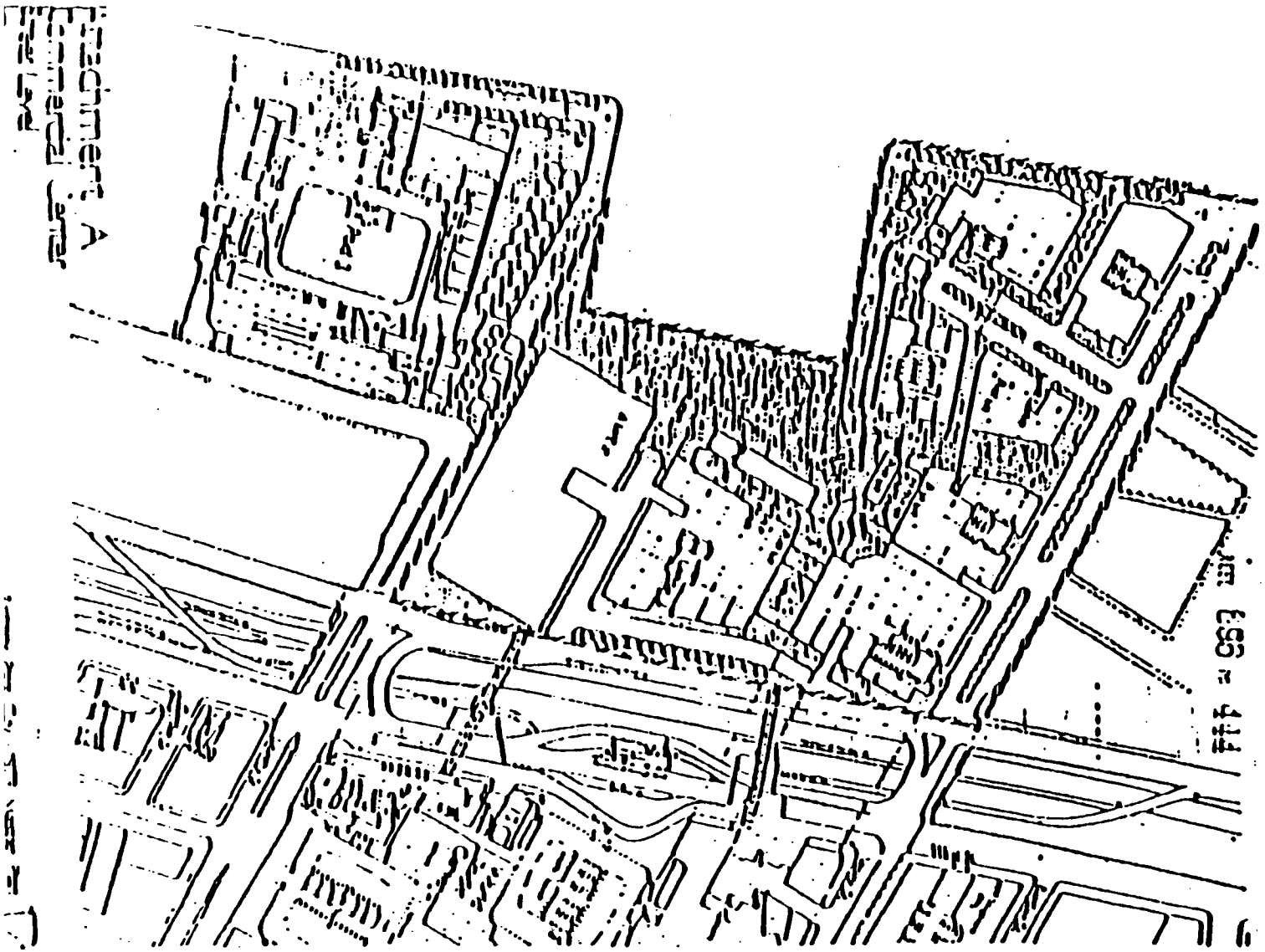
(5.2.6) Physically and visually uninterrupted access and egress, including access and egress for the handicapped, shall be provided through the open air courtyard to the public plaza and waterfront promenade or esplanade, to the south, and the extension of Vesey Street, to the north. The City Planning Commission, in its subsequent review, will be looking for adequate provision of access and appropriate signage, as specified in the June 15, 1981 Letter of Certification.

6. Site Boundary Alternative (See Attachment "C")

(6.1) In the event that waterfront portions of the site are developed for residential use, the site boundaries may be extended along West Street north of Vesey Street and south of Liberty Street as shown. Commercial development on these sites would be subject to the Large Scale Development Plan controls previously outlined.

7. Modifications to the Plan

(7.1) If BPCA wishes to make any major modifications to the Large Scale Development Plan, it shall submit the proposed major modifications to the New York City Planning Commission for review.



Attachment B
Commercial Center

Attachment C
Commercial Center
Site Level

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

On the 15th day of June, 1983, before me personally came Barry E. Taylor, to me known, who, being by me duly sworn, did depose and say that he resides at 345 East 80th Street, New York, N.Y. ; that he is the President and Chief Executive Officer of Battery Park City Authority, the Authority described in and which executed the foregoing instrument; that he knows the seal of said Authority; that the seal affixed to said instrument is such Authority's seal; that it was so affixed by orders of the members of said Authority, and that he signed his name thereto by like order.

Members

FRANK LAUDISIO, JR.
Notary Public, State of New York
No. 41-4507450
Qualified in Queens County
Commission Expires March 30, 1985

Notary Public

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

On the 8th day of June, 1983, before me personally came Barry E. Taylor, to me known, who being by me duly sworn, did depose and say that he resides at 345 East 80th Street, New York, N.Y. ; that he is the President and Chief Executive Officer of Battery Park City Authority described in and which executed the foregoing instrument; that he knows the seal of said Authority; that the seal affixed to said instrument is such Authority's seal; that it was so affixed by order of the members of said Authority, and that he signed his name thereto by like order.

Members

FRANK LAUDISIO, JR.
Notary Public, State of New York
No. 41-4507450
Qualified in Queens County
Commission Expires March 30, 1985

Notary Public

REEL 695 PAGE 448

Comp

Title #18300160
Sec: 1
Blk: 16
Lots: Plo 3
Address: Battery Park City
(No Street Address)

Exempt

Return By Mail To:

Kaye, Scholer, Fierman, Hays & Handler, Esq
Attn: Martin J. Saiman, Esq.
425 Park Ave.
New York, N.Y. 10022

35

OFFICE OF CITY REGISTER
New York County
RECORDED
Property by hand
and affixed seal

CITY REGISTER

11031

REAL ESTATE

JUN 20

TRANSFER TAX
NEW YORK
COUNTY

REC. TAX $ 6-27

RST $ Exempt

RPT $ ~ 0 " / 2

Y. / R 3004

EXHIBIT "D"

PHASE II CIVIC FACILITIES DRAWINGS AND SPECIFICATIONS AND DEVELOPMENT SCHEDULE

Landlord's Civic Facilities

		Date of Substantial Completion
I.	STREETS	
	Albany Street, Rector Place and South End Avenue (to south side of Rector Park)	All work in I. has been substantially completed.
	All subsurface work, including supporting platforms and foundations, mains for utilities specified in Section 26.01(a)(i) and (ii), sanitary and storm sewers, concrete base and 1 1/2" of asphalt surface paving. Finish treatments: curbs and fire hydrants.	
	Finish treatments: temporary concrete sidewalks (6-feet wide except the sidewalks in (v) and (vi) below shall be full-width) extending along (i) south side of Albany Street from eastern boundary of Parcel D to Esplanade; (ii) east side of South End Avenue from Albany Street to Rector Place North; (iii) Rector Place North from South End Avenue to the eastern boundary of Parcel D; (iv) Rector Place South from eastern boundary of Parcel B to Esplanade; (v) west side of South End Avenue adjacent to Parcel G; and (vi) north side of Rector Place from boundary between Parcels H/I and J to portion of Esplanade situated to the west of Rector Park (except that Landlord may	

	provide alternative access consistent with New York City construction rules over temporary concrete sidewalks if parcels adjacent to the foregoing sidewalks are, or are about to be, under construction).	
	All other streets in Phase II (including South End Avenue from south side of Rector Park to north side of West Thames Street)	
	All work, including West Thames Street (no curb or sidewalk to be installed on south side of West Thames Street).	
II.	ERS CONDUITS AND BOXES	Later of Enclosure of Building or July 1, 1985
III.	STREET LIGHTING	
	Conduit, cable, poles, fixtures and connections	Later of Enclosure of Building or July 1, 1985
IV.	ESPLANADE & BALUSTRADE	
	All work except planting which cannot be performed effectively before Spring, 1986	Later of Enclosure of Building or July, 1985
V.	RECTOR PARK	
	All work except planting which cannot be performed effectively before Spring, 1986	Later of Enclosure of Building or July, 1985

Tenant's Civic Facilities

Each portion of Tenant's Civic Facilities shall be substantially completed no later than the Scheduled Completion Date.

Civic Facilities Drawings and Specifications

Drawings Prepared by Cooper, Eckstut Associates

I. Esplanade and Streets

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5) Date
A.0	Title Sheet	7/30/82	3/28/83
A.1	Overall Plan	"	"
A.2	Northwest Plan	"	"
A.3	Southwest Plan	"	"
A.4	Southeast Plan	"	"
A.5	Northeast Plan	"	"
A.6	Partial Plans: Esplanade	"	"
A.7	Partial Plans: Rector Place West	"	"
A.8	Partial Plans: West Thames Street Park	"	"
A.9	Partial Plans: Street Intersections	"	"
A.10	Partial Plans: Rector Place East	"	"
A.11	Sections	"	"
A.12	Sections	"	"
A.13	Seawall: Elevations, Plans, Details	"	"
A.14	Seawall & Property Wall Details	"	"
A.15	Property Walls: Elevations and Details	"	"
A.16	Rector Place East: Wall Elevations	"	"

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5) Date
A.17	Rector Place East: Wall Details	7/30/82	3/28/83
A.18	Rail Elevations and Plans	"	"
A.19	Rails and Fence Details	"	"
A.20	Paving Details	"	"
A.21	Paving Details	"	"
A.22	Miscellaneous Details	"	"
A.23	Esplanade Profiles	"	"
A.24	Street Profiles	"	"
A.25	Street Profiles	"	"
A.26	Grading Plan: Northwest	"	"
A.27	Grading Plan: Southwest	"	"
A.28	Grading Plan: Southeast	"	"
A.29	Grading Plan: Northeast	"	"
A.30	Planting Plan: Northwest	"	"
A.31	Planting Plan: Southwest	"	"
A.32	Planting Plan: Southeast	"	"
A.33	Planting Plan: Northeast	"	"
A.34	Planting Details	"	"
S.1	Northwest Structural Plan	"	"
S.2	Southeast Structural Plan	"	"
S.3	Northeast Structural Plan	"	"
S.4	Walls P-1, P-2	"	"
S.5	Walls P-3, P-4	"	"

S.6	Walls P-5, P-6	"	"

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5) Date
S.7	Rector Place (East Side) Details	7/30/82	3/28/83
S.8	Rector Place (East Side) Sections	"	"
S.9	Seawall and Miscellaneous Details	"	"
S.10	Foundation Details	"	"
U.1	Northwest Utility Plan	"	4/29/83 (Revision No. 6)
U.2	Southwest Utility Plan	"	4/29/83
U.3	Southeast Utility Plan	"	"
U.4	Northeast Utility Plan	"	"
U.5	Esplanade Drainage Details	"	"
U.6	West Street Drainage Details	"	"
U.7	Water Details	"	"
U.8	Miscellaneous Details	"	"
U.9	Informal Dwg.	"	"
E.1	Northwest Electric Plan	"	3/28/83
E.2	Southwest Electric Plan	"	"
E.3	Southeast Electric Plan	"	"
E.4	Northeast Electric Plan	"	"
E.5	Electrical Details	"	"
L.1	Type "B.C." Fixture	"	"

L.2	Type "B" and "B-1" Fixtures	"		"
L.3	Luminaire Details	"		"

Drawings Prepared by Vollmer Associates

II. Utilities and Related Support Systems

DWG NO.	TITLE	DATE	REV. NO.	DATE
G-1	Title Sheet			
G-2	Location Plan and List of Drawings	10/9/81	3	7/30/82
G-3	General Plan Support System	"	"	"
G-4	General Plan Road Alignment	"	3	"
G-5	General Plan Utilities	"	4	9/30/82
C-1	Sewers and Water Main Plan - 1	"	5	12/20/82
C-2	Sewers and Water Main Plan - 2	"	7	3/23/83
C-3	Sewers and Water Main Plan - 3	"	3	7/30/82
C-4	Sewers and Water Main Plan - 4	"	4	9/30/82
C-5	Typical Street Sections South End Avenue and Albany Street	"	2	4/30/82
C-6	Typical Street Sections Rector Place and West Thames Street	"	2	4/30/82
C-7	Roadway Profiles and Sewer Lines: South End Avenue and West Thames Street	"	4	9/30/82

C-8	Roadway Profiles and Sewer Lines: Albany Street and Rector Place	"	7	3/23/83

DWG NO.	TITLE	DATE	REV. NO.	DATE
C-9	Water Main Profiles: South End Avenue and West Thames Street	10/9/81	4	9/30/82
C-10	Water Main Profiles: Rector Place and Marginal Street	"	7	3/23/83
C-11	Drainage Tables	10/9/81	4	9/30/82
C-12	Water Distributions Details - 1	"	4	"
C-13	Water Distributions Details - 2	"	4	"
C-14	Storm and Sanitary Sewer Details - 11	"	4	"
C-15	Storm and Sanitary Sewer Details	"	4	"
C-15A	Chamber St-17 Chamber St-21	10/9/82	4	"
C-15B	Sewers on Cradle on Pile Profiles	"	4	"
C-16	Utility Plan Enlargement at South End Ave. and Rector Place	10/9/81	8	7/15/83
C-16A	Utility Critical Profiles	"	8	"
C-17	Utility Plan Enlargement at South End Ave. and West Thames Street	"	8	"
C-17A	Utility Critical Profiles	"	8	"

C-17B	Utility Critical Profiles	"	8	"

DWG NO.	TITLE	DATE	REV. NO.	DATE
C-18	Utility Plan Enlargement at South End Avenue and Battery Place	10/9/81	8	7/15/83
C-18A	Utility Critical Profiles	"	8	"
C-19	Albany Street Utilities	"	8	"
C-20	Utility Critical Profiles	"	8	"
C-21	Utility Critical Profiles	"	8	"
C-22	Utility Critical Profiles	"	8	"
S-1	Support System Piles Plan and Sections	"	2	4/30/82
S-2	Support System Piles Plan and Sections	"	3	7/30/82
S-3	Support System Piles Plan and Sections	"	2	4/30/82
S-4	Support System Typical Bar Placement	"	2	"
E-1	Dry Utility Site Plan - 1	"	9	7/11/83
E-2	Dry Utility Site Plan - 2	"	9	"
E-3	Dry Utility Site Plan - 3	"	7	"

E-4	Dry Utility Site Plan - 4	"	6	"

DWG NO.	TITLE	DATE	REV. NO.	DATE
E-5	Detail Sheet (Electric)	10/9/81	Reissued	7/11/83
E-6	Detail Sheet (Telephone)	"	New Dwg.	"
E-7	Detail Sheet (Miscellaneous)	"	Reissued	"
E-8	Profiles	"	"	"
E-9	Detail Sheet (Electric)	"	"	"
E-10	Detail Sheet (Electric)	"	"	"
E-11	Detail Sheet (Electric)	"	"	"

III. Rector Park

DWG NO.	TITLE	DATE
1	Title Sheet	9/22/83
2	Legend, General Notes, Key Plan and List of Drawings	"
3	Layout Plan-West Park	"
4	Layout Plan-East Park	"
5	Grading and Drainage Plan-West Park	"
6	Grading and Drainage Plan - East Park	"
7	Electrical, Lighting and Irrigation Plan - West Park	"

8	Electrical, Lighting and Irrigation Plan - East Park	"

DWG NO.	TITLE	DATE
9	Planting Plan-West Park & Plant List	9/22/83
10	Planting Plan - East Park	"
11	Pavement and Curb Details	"
12	Sitting Wall and Granite Pier	"
13	Picket Fence and Bench Details	"
14	Detail Layout Plans	"
15	Drainage Details	"
16	Electrical Details	"
17	Irrigation Details	"
18	Planting Details	"

EXHIBIT "E"

BATTERY PARK CITY
Phase II Residential Development
Liberty View Associates' Affirmative
Action Program for Site D

This Affirmative Action Program has been adopted by Battery Park City Authority ("BPCA") in order to assist Liberty View Associates L.P., a limited partnership composed of at least one general partner controlled by L.R.F. Developers, Inc. or Francisco Lugovina and at least one general partner controlled by The Related Companies, Inc. or Stephen Ross and organized under the laws of the State of Delaware ("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 Phase II Residential Development designated as Site D ("Project") to comply with their respective affirmative action obligations relating to the Project, to permit BPCA to carry out its affirmative action policies, and to redress partially the effects of past discrimination in the construction industry.

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 an eligible MBE which has been entered into in accordance with this Program.

Contract: as defined in Section 2.

Contract Value: the total contract price of all work let to MBEs by Tenant or its Contractors pursuant to

Approved MBE Contracts less the total contract price of all work let to MBEs by other MBEs, provided that (a) where an MBE subcontracts (other than through supply contracts) more than fifty percent (50%) of its work, the contract price of the work let to such MBE shall be deemed to equal the excess, if any, of the work let to such MBE over the contract price of the work subcontracted by such MBE, (b) where materials are purchased from an MBE which acts merely as a conduit for goods manufactured or produced by a non-MBE, the price paid by the MBE to the 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 as joint venturers, such joint venture shall be treated as an MBE only to the extent of the percentage of the MBE's interest in the joint venture. In any event, Contract Value shall include only monies actually paid to MBEs by Tenant or its Contractors.

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

MBE: a business owned, operated and controlled by one or more Minority (hereinafter defined) persons. "Owned", for purposes of this definition, shall mean, (A) in the case of a corporation, that one or more Minority persons owns fifty-one percent (51%) or more of each class of stock of

such corporation or, (B) in any other case, that one or more Minority persons owns fifty-one percent (51%) or more of the beneficial interest in the business and is entitled to receive fifty-one percent (51%) or more of the net profits (or losses) of the business. "Operated and controlled," for purposes of this definition, shall mean that one or more Minority persons has the day-to-day responsibility for running, and making all important decisions affecting, the business enterprise. In determining whether a firm is a bona fide MBE, BPCA shall consider, but not be limited to, the following factors:

(i) Whether the business is a small concern as defined in Section 3 of the Federal Small Business Act and the implementing regulations thereunder.

(ii) Whether the business is an independent enterprise or is controlled by another concern. A concern may be considered as controlling or having the power to control another concern when one or more of the following circumstances are found to exist and it is reasonable to conclude that under the circumstances such concern is directing or influencing or has the power to direct or influence the operation of such other concern:

-- Interlocking Management. Officers, directors, employees, or principal stockholders of one concern serve as a majority of the board of directors or officers of another concern.

-- Common Facilities. One concern shares common office space and/or employees and/or other facilities with another concern, particularly where such concerns are in the same or a related industry or field of operation, or where such concerns were formerly affiliated.

-- Newly Organized Concern. Former officers, directors, principal stockholders, and/or key employees of one concern organize a new concern in the same or a related industry or field of operation and serve as its officers, directors, principal stockholders, and/or key employees, and one concern is furnishing, or will furnish, the other concern with subcontracts, financial or technical assistance, and/or other facilities, whether for a fee or otherwise.

(iii) Whether the Minority ownership and control is actual and continuing and not created solely to take advantage of special or set aside programs aimed at Minority business development.

(iv) Whether the Minority owner enjoys the customary incidents of ownership and shares in the risks and profits commensurate with his percentage of ownership.

(v) Whether there are any restrictions which are placed on the Minority owner's ability to control the

firm, including, for example, by-law provisions, partnership agreements or charter requirements for cumulative voting rights which prevent the Minority owner from making a business decision without the cooperation or vote of a non-minority owner. Absentee ownership by a Minority owner shall not be considered control by a Minority owner.

(vi) Whether all securities which evidence ownership of a corporation for purposes of establishing it as a MBE are held directly by the Minority owner. No securities held in trust or by any guardian for a minor shall be considered held by Minority persons in determining ownership and control of a corporation unless legitimate business necessity for the same can be shown to the reasonable satisfaction of BPCA.

(vii) Whether the contributions of capital or expertise made by the Minority owner to acquire his interests in the firm are real and substantial. A Minority owner's promise to contribute capital, a note payable to the firm or its owners who are not socially and economically disadvantaged or mere participation as an employee shall not be capital contributions.

(viii) Whether a firm engaged in the procurement of materials and supplies is significantly and substantially involved in the production of those materials and

supplies or has sufficient inventory on hand in its own facility to effectively meet normal contractual obligations.

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, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian or Pacific Island persons or persons having origins in any of the original peoples of 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 membership and participation in tribal associations or community identification.

Minority Workforce Participation: the number of person-hours of training and employment in each trade of Minority workers (including supervisory personnel) used by Contractors in the construction of the Project.

Total Development Costs: all monies expended by, or on behalf of, Tenant in connection with the development, design and construction of the Project, including the total

contract price of all Contracts awarded by Tenant for the furnishing of labor, materials or services for inclusion in the Project plus the cost of all general conditions work applicable to the Project and not included in such Contracts, exclusive of legal and accounting fees, fees of governmental agencies (including monies paid to BPCA by or on behalf of Tenant) and financing, marketing and sales costs.

2. Compliance with Lease and Contract Obligations. Tenant shall (a) comply with all of its non-discrimination and affirmative action obligations as set forth in the Lease, and (b) 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.

3. Minority Workforce Participation. (a) Tenant shall, and shall cause its Contractors to, afford priority in the construction of the Project to Minority group workers, provided that such obligation shall be deemed to have been fulfilled when the proportion of Minority Workforce Participation (which shall include Minority trainees) to total person-hours of training and employment in each trade listed in Schedule 1 of this Program equals the specified percentages set forth in such Schedule. Tenant and BPCA have, after

reviewing the work to be included in the Project and the qualifications and availability of Minority group workers for participation in such work, determined that the percentages set forth in such Schedule are reasonable and attainable.

(b) In order to assist Tenant in carrying out the provisions of Section 3(a) above, Tenant shall, and shall cause its Contractors to, participate in an on-the-job training program of the type known as the "New York Plan," or such other or successor program as shall be generally applicable to public construction in New York and approved by BPCA.

(c) Tenant shall cause its Contractors to submit daily reports on the composition of the workforce on the Project and monthly payroll reports by person-hours to BPCA.

4. MBE Participation. Tenant shall, and, when contemplated by the applicable Contract bid package, shall cause its Contractors to, afford priority in the construction of the Project to MBEs. In order to fulfill its obligations hereunder:

(a) Tenant shall, during the Construction Period (which shall mean the period commencing at the Commencement of Construction of the Buildings and terminating at Substantial Completion of the Buildings, as such terms are defined in the Lease), enter into, or cause its Contractors to enter into, Approved MBE Contracts, having an aggregate Contract Value of at least fifteen percent (15%) of Total Development

Costs. After reviewing the work to be included in the Project, Tenant has identified portions of such work for which, in its judgment, qualified MBEs are expected to be available and have set forth such portions of the work and the estimated Contract Value thereof in Schedule 2 hereto. During the Construction Period, in partial fulfillment of its obligation hereunder, Tenant presently expects to enter into, or cause its Contractors to enter into, Approved MBE Contracts as identified in such Schedule 2 in accordance with the procedures set forth in Section 5 hereof. The failure of Tenant to achieve the amount of Approved MBE Contracts in any trade as set forth in Schedule 2 shall not enlarge, diminish or otherwise affect Tenant's obligation to achieve an aggregate Contract Value of Approved MBE Contracts equal to at least fifteen percent (15%) of Total Development Costs.

(b) In further fulfillment of its obligations under this Section 4, Tenant shall, after achieving the aggregate Contract Value of fifteen percent (15%) of Total Development Costs specified in Section 4(a), make good faith efforts to award Contracts to qualified MBEs to carry out additional portions of the construction of the Project, provided that such obligation shall be deemed to have been fulfilled when the aggregate Contract Value of Approved MBE Contracts equals twenty percent (20%) of Total Development Costs.

5. Procedures. Tenant shall observe the following procedures throughout the Construction Period and until such time as Tenant has fulfilled its obligations under Section 4 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 Contracts which exceed fifteen thousand dollars ($15,000). As promptly as practicable, but in any event at least fifteen (15) working 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. 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. In formulating the Contract Schedule, Tenant will confer with BPCA to identify those portions of the work 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. To the extent practicable and consistent with good construction practice, 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 Contractor, and shall not be bid or let as part of any other work.

(b) BPCA will review the Contract Schedule as promptly as practicable, and will provide to Tenant a list of qualified MBEs for all or portions of the work. Within five (5) working days after Tenant's receipt of such list, Tenant and BPCA shall agree on those MBEs on such list which Tenant shall contact regarding the work identified by Tenant and BPCA as work to be separately bid and let or subcontracted. Tenant shall then promptly notify BPCA in writing that the MBEs selected by BPCA and Tenant pursuant to the preceding sentence have been contacted.

(c) The determination of whether a business enterprise is an eligible MBE hereunder shall be made by BPCA, in its reasonable discretion, in accordance with the criteria set forth in the definition of MBE in Section 1 above, and such determination 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 5(g) below.

(d) Concurrently, BPCA and Tenant will review the qualifications and availability of eligible MBEs to determine the extent to which MBEs are qualified and available to perform all or portions of the work identified in the contract packages. In general, an MBE 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 5(f), to organize, supervise and perform work of the kind and quality contemplated for the Project. In determining whether an MBE meets these standards, BPCA and Tenant shall consider reputation in the construction community, experience in the trade, technical competence, organizational and supervisory ability and general management capacity. An MBE shall not be considered unqualified to perform work on the Project (i) because such MBE (A) cannot obtain bonding or (B) cannot obtain commercial credit or cannot obtain such credit on normal terms or (ii) solely because such MBE (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 5(f) 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 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 5(g) below.

(e) Tenant shall invite those MBEs found qualified and available hereunder and selected by Tenant and BPCA pursuant to Section 5(b) above to submit proposals for work required to be performed under Tenant's contract packages (including both contracts and subcontracts). At least ten (10) working days prior to the award of any Contract by Tenant, Tenant shall notify BPCA in writing of all responses or bids in connection with Tenant's request for proposals or invitation to bid.

(f) Tenant will retain the services of, or hire, a construction specialist, acceptable to Tenant and BPCA, who will provide technical assistance to MBEs which are performing work in connection with the Project. Tenant will provide financial assistance to an MBE 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 and (ii) making progress payments for work performed more frequently than the normal one-month cycle. Tenant shall also waive bonds where

MBEs are unable to obtain the same, shall make available to MBEs technical assistance to conform to the method of construction of the Project, shall provide supervision consistent with the MBE's experience and capacity and shall conduct periodic job meetings with each MBE at reasonable intervals to review the progress of such MBE's job performance and suggest appropriate action to remedy any deficiency in such performance. As may be necessary to carry out this Program, Tenant shall offer to provide the foregoing assistance to MBEs prior to their submission of bid proposals and, wherever practicable, at the time of Tenant's request for such proposals.

(g) In the event that Tenant shall demand arbitration as to the questions of whether a business enterprise is an eligible MBE pursuant to Section 5(c) above or whether an eligible MBE is qualified and available pursuant to Section 5(d) 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 then obtaining, provided that, anything to the contrary contained in such rules notwithstanding, (i) Tenant shall, to-

gether 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 (when selected) 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 a business enterprise is or is not an eligible MBE, or that an eligible MBE is or is not qualified and available, 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 arbitrators' fees).

(h) Until such time as Tenant has fulfilled, or is deemed to have fulfilled, its obligations under Section 4(b) above, Tenant shall maintain complete and accurate written records of (i) its efforts to identify and contract with MBEs, (ii) the reasons, if applicable, for any determination

by Tenant that an MBE is not qualified or available to perform work on the Project, (iii) the assistance offered or provided to MBEs in accordance with Section 5(f) hereof, and (iv) the reasons, if applicable, why contracts or subcontracts were not awarded to MBEs found qualified hereunder. Tenant shall also maintain complete and accurate written records of the total Contracts and Approved MBE Contracts awarded on the Project, including 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 quarterly and at such other times as BPCA may reasonably request. Notwithstanding the foregoing provisions of this Section 5(h), only the aggregate amount of the contract prices and a summary description of the scope of the work need be furnished to BPCA by Tenant for non-minority Contracts, but the individual Contracts for non-minority Contractors shall be made available to BPCA, upon reasonable notice and during regular business hours, at Tenant's offices. Tenant shall, within ninety (90) days after Substantial Completion of the Buildings, provide written certification to BPCA of Tenant's Total Development Costs.

(i) Prior to the issuance by Tenant of any letter of intent to a Contractor, Tenant will advise BPCA by telephone or otherwise of its intent to enter into a Contract with a Contractor. Thereafter, but in no event less than

three (3) working days prior to a Contractor's arrival at the Project site, 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 to which subcontracts are to be let.

(j) Tenant shall not enter into any Contract, or permit its Contractors to enter into any Contract, except in accordance with the requirements of this Program. 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 reduce materially the scope of work to be performed by an MBE or diminish the contract price of any Contract (including subcontracts) awarded to an MBE without the prior written consent of BPCA. 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 Workforce requirements of Section 3 of this Program and (iii) where contemplated for the contract package for such Contract, require such Contractor to comply with the applicable provisions of Sections 4 and 5 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, 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.

(k) Tenant shall from time to time designate an affirmative action officer, satisfactory to BPCA, with full authority to act on behalf of and to represent Tenant in all matters relating to this Program. Tenant hereby designates and BPCA hereby approves Irving R. Fischer as such affirmative action officer.

6. Subsequent Construction and Project 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), 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, Tenant shall, and shall cause its Contractors to, afford priority in such work to qualified and available MBEs which submit competitive proposals for such work. Additionally, Tenant shall make good faith efforts to seek and to include MBEs in all service and management agreements, agreements for the purchase of goods and services and other agreements relating to the operation of the Project. Tenant and BPCA hereby agree that the annual goal for MBE participation in

such work and agreements is ten percent (10%) of the total contract prices thereof. In order to achieve the goal of ten percent (10%) established under this Section 6(a), Tenant shall, and shall cause its Contractors to (i) conduct a thorough and diligent search for qualified MBEs, (ii) review the qualifications of each MBE suggested to Tenant by BPCA and (iii) afford an opportunity to submit proposals for the work and agreements to those MBEs found qualified. Tenant shall meet annually with BPCA to review the operations and status of the Program and to determine specific opportunities where MBE participation in the operation and management of the Project might be encouraged. Tenant shall submit semiannual reports to BPCA setting forth the nature and scope of construction work carried out during the preceding quarter, all efforts made by Tenant and its Contractors to employ qualified MBEs in performing the work and agreements and all contracts let to MBEs. The obligations under this Section 6(a) shall continue until the Members of BPCA find that this Program is no longer necessary to remedy the effects on the Project of discrimination in the construction industry.

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

(i) make good faith efforts to include Minority group members in such work in the proportion that Minorities bear to the total New York City workforce;

(ii) in the event of lay-offs, make good faith efforts to maintain the same proportion of Minority 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's Affirmative Action Officer on a periodic basis, but not less than semiannually, to review employment needs and practices of Tenant or Operator, to review Tenant's and Operator's compliance with this Section 6(b) and to determine specific contracting opportunities where Minority workforce participation in the management and operation of the Project might be encouraged.

7. Non-Compliance. (a) Tenant acknowledges that the percentages of Minority Workforce Participation set forth in Schedule 1, and the work and Contract Value thereof set forth in Schedule 2, represent reasonable estimates of Tenant's ability to afford priority to Minority workers and MBEs, respectively, during the Construction Period. Tenant recognizes and acknowledges that the purpose of this Program and of Tenant's undertakings hereunder is to redress partially the effects of past discrimination in the construction indus-

try by affording Minority workers and MBEs an opportunity to participate in the construction of the Project, to the end that such Minority workers and MBEs can share in economic benefits from which they have heretofore been excluded by such discrimination and also can gain necessary training, experience and other benefits, including increased financial resources, which will facilitate their full participation in the construction industry hereafter. Tenant recognizes and acknowledges that its failure to achieve the goals set forth in Sections 3 and 4 with respect to the utilization of Minority workers and MBEs in construction of the Project will result in substantial damage to BPCA's affirmative action programs and policies, as well as to Minority workers and MBEs who will be denied an opportunity to share in the economic benefits provided by the construction work and who will be denied the training, experience and other benefits which participation in the Project would provide. Tenant further recognizes and acknowledges that the damage referred to above 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 its non-compliance hereunder, and that payments made for the purposes of the Minority Workers Training Fund and the MBE Assistance Fund, referred to in Section 7(c) below, are a reasonable means of compensating for that harm.

(b) In the case of Tenant's failure to achieve the goals set forth in Sections 3 and 4 with respect to the utilization of Minority workers and MBEs in the construction of the Project (other than failure 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 or the Lease or, subject to the provisions of Section 7(e), in law or equity, in the following liquidated amounts:

(i) in the event that Tenant fails to employ or cause its Contractors to employ Minority group workers in any trade equal to the percentage set for such trade in Schedule 1 hereto, the product of (A) the aggregate number of person-hours of training and employment of Minority workers which would have resulted from achievement of the percentage set forth in such Schedule for such trade less the actual Minority Workforce Participation achieved in the construction of the Project by Tenant or its Contractors in such trade multiplied by (B) fifty percent (50%) of the average hourly wage (including fringe benefits) paid to journeymen employed in such trade in the construction of the Project; and

(ii) in the event that during the Construction Period, Tenant fails to enter into, or cause its

Contractors to enter into, Approved MBE Contracts having an aggregate Contract Value at least equal to fifteen percent (15%) of Total Development Costs as provided in Section 4(a) above ("Specified Amount"), fifty percent (50%) of the amount by which the Specified Amount exceeds the aggregate Contract Value of Approved MBE Contracts actually entered into by Tenant and its Contractors during such 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 one hundred percent (100%) of the amount by which the Specified Amount exceeds the aggregate Contract Value of such Approved MBE Contracts. Notwithstanding the foregoing, Tenant shall not be liable for damages under this Section 7(b)(ii) if and to the extent that Tenant can demonstrate (A) that it has fully and diligently performed all of its obligations under this Program and diligently complied with each and every provision hereof and (B) that, notwithstanding such efforts, it was unable to contract with additional, qualified MBEs in accordance with and subject to the procedures set forth in Sections 4 and 5 of this Program.

(c) Payments made by Tenant under Section 7(b)(i)

hereof shall be used by BPCA for the purposes of a Minority Workers Training Fund to provide job training and other assistance to Minority workers 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 Section 7(b)(ii) hereof shall be used by BPCA for the purposes of an MBE Assistance Fund to provide such financial, technical and other assistance to MBEs as BPCA shall determine to be useful in enabling MBEs to overcome the effects of past discrimination and to participate more fully in the construction industry.

(d) Anything to the contrary contained herein notwithstanding, (i) the aggregate damages payable by Tenant pursuant to Section 7(b)(i) shall in no event exceed ten percent (10%) of Total Development Costs and (ii) the aggregate damages payable by Tenant pursuant to Section 7(b)(ii) of shall in no event exceed fifteen percent (15%) of Total Development Costs.

(e) In the event Tenant fails to fulfill any of its obligations hereunder, BPCA may, in addition to assessing damages as provided in Section 7(b) above, (i) advise Tenant that, except for completion of the Project, Tenant shall be ineligible to participate in any work on 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, provided that such equitable relief shall not include enjoining or restraining the performance of any Contract which Tenant or its Contractors has previously entered into.

8. 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 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.

9. 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.

10. 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.

11. Notices and Addresses. (a) Any notice or other communication (except as otherwise provided in Section 5(i)) 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 receipt of such delivery having been obtained, 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
40 West Street - Gate 3
New York, New York 10006

Att'n: Vice President for Affirmative Action

If to Tenant, to:

Liberty View Associates L.P.
c/o The Related Companies, Inc.
645 Fifth Avenue
New York, New York 10022
Att'n: Affirmative Action Officer

with a copy to:

Mr. Irving R. Fischer
HRH Construction Corporation
909 Third Avenue
New York, New York 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 11.

12. Persons Bound. 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 successors or assigns (excluding individual Unit Owners as defined in the Lease) to confirm and agree in writing to all terms and conditions of this Program.

13. Women. Consistent with its other obligations hereunder, Tenant shall make good faith efforts to (a) employ, and cause its Contractors to employ, qualified women

workers in all trades during the construction of the Project; (b) identify, request proposals from and employ qualified construction firms which are owned and operated by women; and (c) utilize the services of women workers and service and management firms owned and operated by women in connection with the operation and management of the Project. In the event that legislation is enacted which authorizes or directs BPCA to carry out additional affirmative action programs with respect to women workers or business firms owned and operated by women, BPCA reserves the right to take such measures as may be necessary or appropriate to implement such programs.

14. 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.

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

Dated: New York, New York
As of , 1984

ACCEPTED AND AGREED:

LIBERTY VIEW ASSOCIATES L.P.

By:_____

Schedule 1

MINORITY WORKFORCE PARTICIPATION

Trade	Percentage
Electricians	20.0
Carpenters	30.0
Steamfitters	20.0
Metal Lathers	30.3
Painters	35.5
Op. Engineers	25.8
Plumbers	20.0
Iron Workers (structural)	29.0
Iron Workers (ornamental)	29.0
Elevator Constructors	13.0
Bricklayers	30.0
Asbestos Workers	30.0
Roofers	20.0
Cement Masons	30.0
Glaziers	22.5
Plasterers	30.0
Teamsters	27.5
Boilermakers	17.5
Laborers	35.0
Maintenance Workers	22.5
Security Guards	22.5
Landscapers	22.5
Stone Setters	22.5
Exterminators	22.5

Schedule 2

MBE PARTICIPATION

ANTICIPATED % OF TRADE

TRADE	ANTICIPATED % OF CONTRACT AMOUNT	DOLLAR AMOUNT
EXCAVATION & FOUNDATION	10%	$ 27,500
SITE IMPROVEMENTS	10%	10,000
CONCRETE SUPERSTRUCTURE	11%	300,000
MASONRY	10%	100,000
MISCELLANEOUS METALS	20%	30,000
CARPENTRY & DRYWALL	20%	133,000
MILLWORK	0%	
WATERPROOFING	10%	
SPANDREL FLASHING	10%	12,000
ROOFING & SHEETMETAL	10%	
CAULKING & SEALANTS	10%	2,000
HOLLOW METAL	0%	
FINISH HARDWARE	0%	
WINDOWS	0%	
ENTRANCE WORK & GLASS	10%	3,000
CERAMIC TILE & MARBLE	0%	
ACOUSTICAL CEILINGS	0%	
WOOD FLOORING	10%	30,000
CARPETING	10%	2,000
PAINTING & FINISHING	100%	16,000
VINYL WALL COVERING	0%	
TOILET COMPARTMENTS	0%	
TOILET ACCESSORIES	0%	
COMPACTORS	0%	
REFUSE CHUTES	10%	1,000
KITCHEN CABINETS	0%	
VANITIES & TOPS	0%	
APPLIANCES	0%	
ELEVATORS	10%	26,000
PLUMBING	20%	133,000
SPRINKLERS	10%	1,000
HVAC	10%	71,000
ELECTRIC	50%	500,000
LIGHTING FIXTURES	0%	
GENERAL CONDITIONS		100,000
TOTAL	15%	$1,497,500

EXHIBIT "F"

TENANT'S DEVELOPMENT SCHEDULE

EVENT		
1.	Commencement of Construction	November 1, 1984
2.	Substantial Completion of Foundation	6 months after Commencement of Construction
3.	Substantial Completion of Superstructure	12 months after Commencement of Construction
4.	Enclosure of Building	16 months after Commencement of Construction
5.	Residential TCO	October 31, 1986

6. Terms, covenants, conditions and provisions of Declaration of Covenants and Restrictions made by Landlord dated March 15, 1984 and recorded on March 21, 1984 in Reel 776 page 360 in the office of the Register of New York City (New York County).

7. Zoning Lot Declaration.

8. State of Facts shown on survey of Parcel D "LB 79" by Benjamin Goldberg, Earl B. Lovell - S.P. Belcher, Inc., surveyed January 5, 1982 and visually examined August 9, 1984.

9. Zoning and other laws, ordinances, governmental regulations, orders and requirements applicable to the Premises or the Lease.

Battery Park City
South Residential Area
Design Guidelines

April 1981

Prepared for
Battery Park City Authority by
Cooper Eckstut Associates
1230 Avenue of the Americas
New York, New York 10020

EXHIBIT "G"

DESIGN GUIDELINES

Phase II Residential Development

Battery Park City

April 8, 1981

Design Background

These design guidelines have been prepared to assist developers in bidding on sites in the Phase II Residential Development in Battery Park City, and to ensure development in accordance with the approved Plan. Five major steps are involved in the creation of Battery Park City and in making land available for development. They are the master plan, the street map, the zoning text, provision of the infrastructure, and these design guidelines.

Master Plan

The Master Plan for Battery Park City calls for a traditional urban system of streets and blocks. (Figure 1) The new streets are located to be simple extensions of the major existing streets in Lower Manhattan. At the intersection of these streets with the Hudson River, a major park is planned. Each park is different in form, character and intended use. All are intended to be the focus of special design interest and form and are, therefore, called out as "significant places." These significant places all relate to the water and are linked by a continuous esplanade running along the length of the project's Hudson River edge. A complete description of the Master Plan can be found in the report published in October,



Overall Plan

Fig. 1

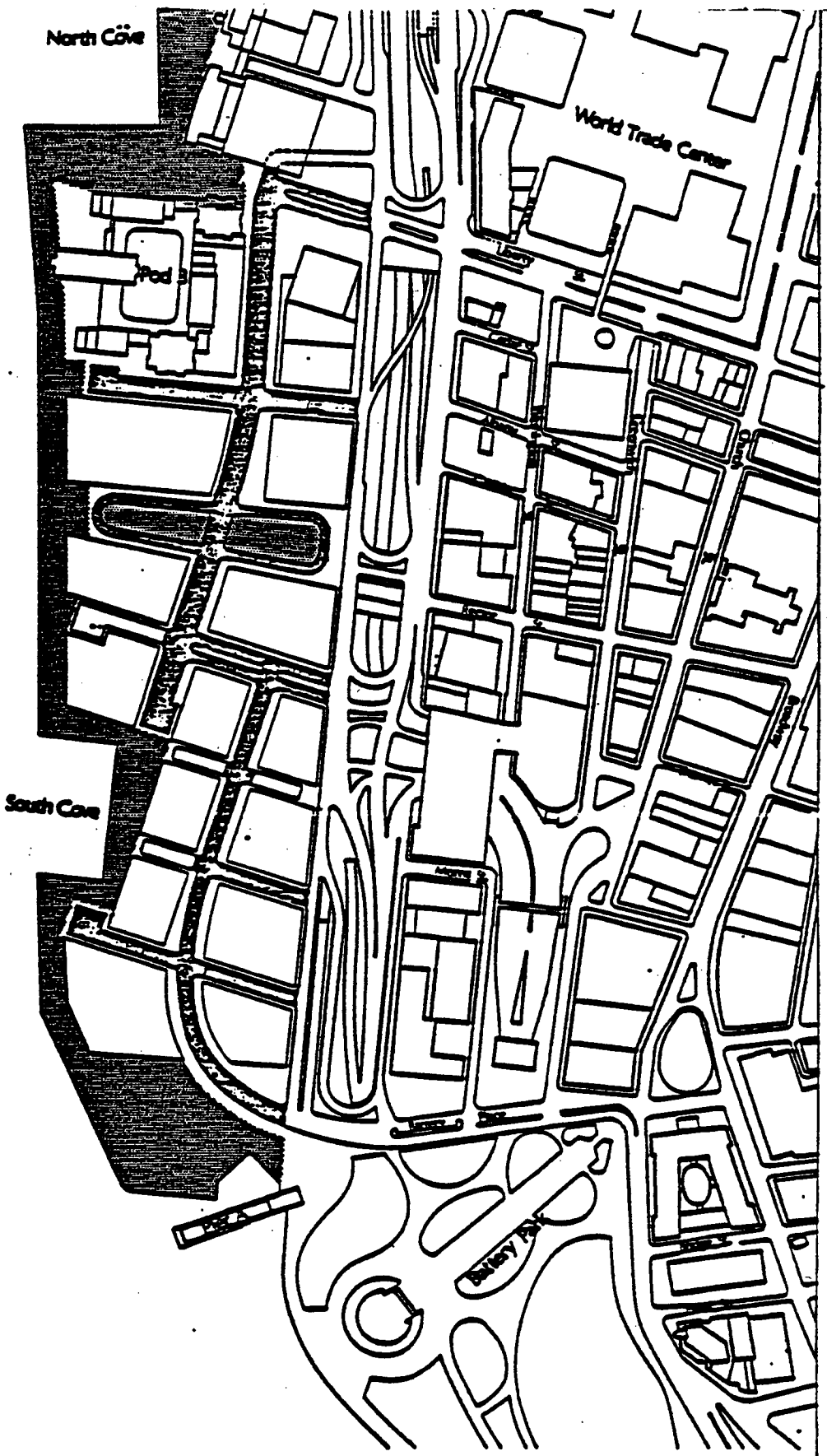
Battery Park City - 1979 Master Plan
Cooper Eckstut Associates

1979, and titled "Battery Park City Draft Summary Report and 1979 Master Plan." Figure 2 shows the street and block plan. The plan works with or without Westway.

Street Map

Since the approval of the new Master Plan, the Authority and its consultants have been translating the Plan into an official City Street Map, which establishes the legal boundaries of streets, blocks, and parkland. The street map, more than any other tool, establishes the quality, character, and type of urban environment to be built at Battery Park City. Before proceeding with the map, examples of the most successful New York residential real estate in Manhattan were examined, including Fifth Avenue, Central Park West, East End Avenue, West End Avenue, Riverside Drive, Park Avenue, Tudor City, and Gramercy Square. The consistent element in all of these places is that there is an association with an open space or landscape theme. The residential address and prestige is partially the result of frontage along a park, a landscaped mall down the middle of a street, a focus of residential properties on a square, or views of the waterfront. The new street map for Battery Park City attempts to continue this tradition of successful residential development in Manhattan while still meeting the standards of City Agencies and solving the many technical problems of providing access and infrastructure.

The new map attempts to establish open spaces that will serve as future prestige residential addresses. A variety of spaces are provided including major avenues, smaller cross-town streets, cul-de-sacs, parks of various sizes, and a waterfront esplanade. Variety is purposely



Public Street
Private Street
Parkland

Street and Block Plan (Westway)

Fig. 2

Battery Park City · 1979 Master Plan
Cooper Eckstut Associates

sought to avoid any appearance of a "project" look or super-blocks and instead provide the complexity and interest normally associated with older and more established urban neighborhoods. The first RFP includes parcels that are oriented to each type of street and park. The major emphasis is on Rector Park but there are also frontages on South End Avenue, two minor cross-town streets (West Thames Street and Albany Street) and the esplanade.

A major objective of the Street Map is to provide a park-like environment throughout the South Residential Area. As many buildings as possible front on a park or the esplanade. The provision of continuous rows of trees is the key to the creation of streets and avenues that have a park-like character and seem to be extensions of the park along the water. The sidewalks on the east side of the Avenues are unusually wide, to include a double row of trees.

All of the streets end on the Esplanade, overlooking the water. Public access to and security on the esplanade are helped by the visibility from the streets. The Avenues are oriented to the Broadway grid, with views of the Harbor and the Statue of Liberty. The Avenue orientation also provides a maximum of sunlight and the cooling effect of summer breezes. As part of the park-like theme, the street and block pattern is arranged to create a pedestrian oriented environment. Auto access is provided to all of the blocks, but the discontinuous street pattern and lack of simple, direct routes discourages through traffic and faster speeds.

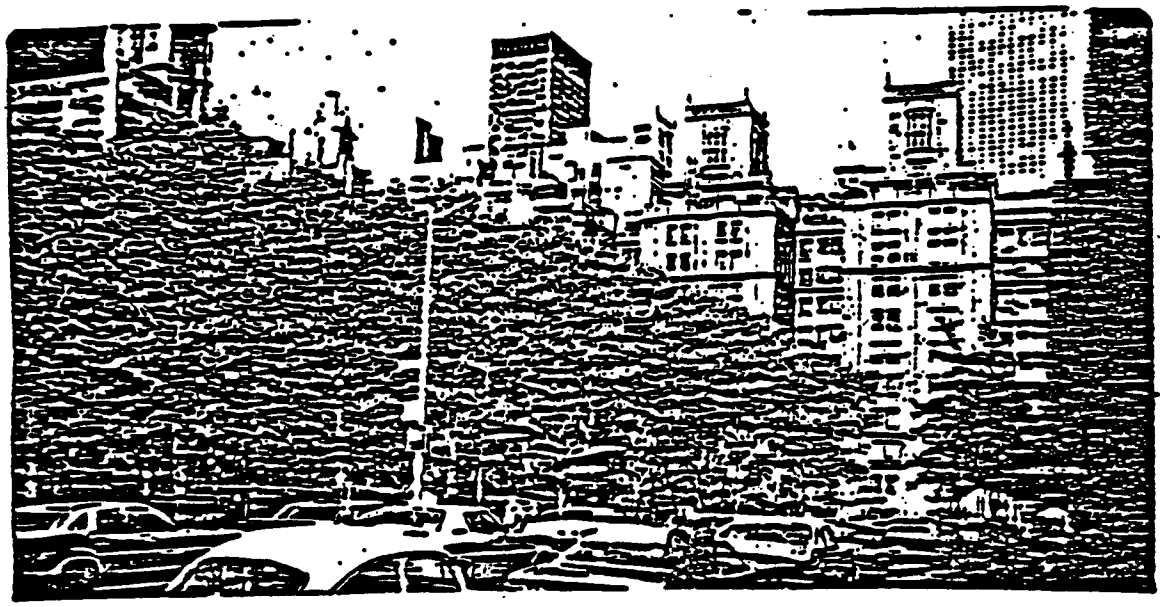
At-grade pedestrian crossings on West Street are provided at three major east-west streets: Liberty Street, Rector Street, and Battery Place.

The Zoning Text

In reviewing the more successful residential streets in Manhattan, it became clear that part of the prestige and special address is the result of the type of buildings developed. Street wall buildings built up to the front property line (and without plazas) are the standard. The result is that one building does not necessarily dominate the others and the overall effect of a group of buildings united by their common front wall is a much larger and more striking effect than the special object buildings typically found in "project" type developments. The design emphasis is clearly on the front wall. Consequently, the buildings relate well to the streets and parks. Yet, there is still ample room in each building for individual identity and differences of architectural style and expression. On the following pages are photos of these type of buildings and the effect they have on their surroundings.

Current residential zoning rules do not require this more traditional type of New York architecture. Consequently, the special zoning text is required. It complements and reinforces the special environment made possible by the Street Map. The special zoning is summarized in Figure 3.

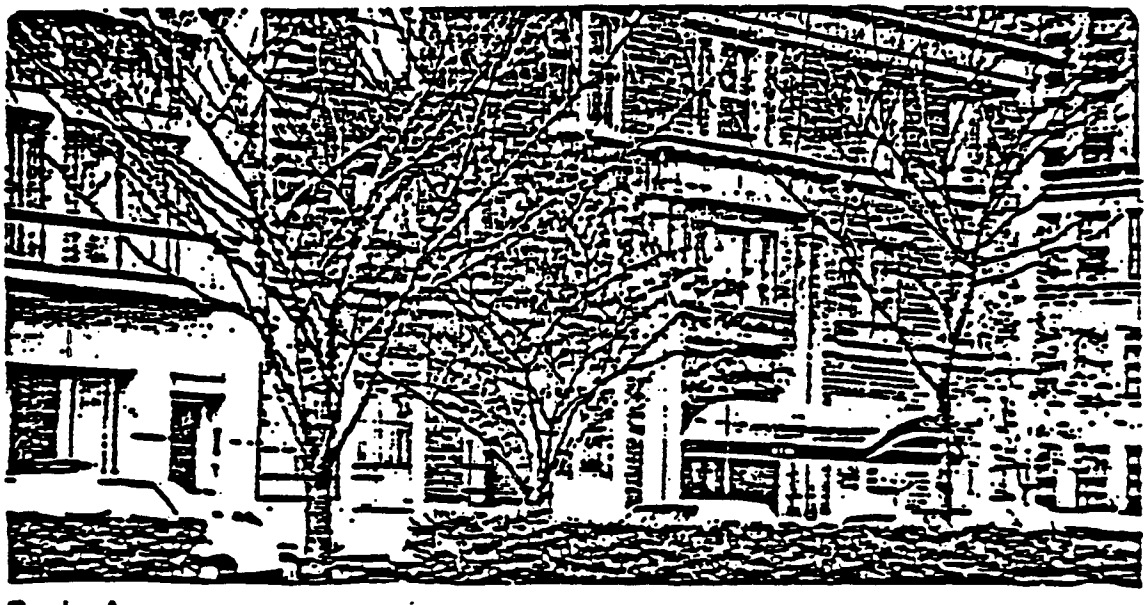
The special zoning also incorporates many benefits of large scale development. These include the special distribution of bulk and provisions for pedestrian amenities to help create the park-like environment.



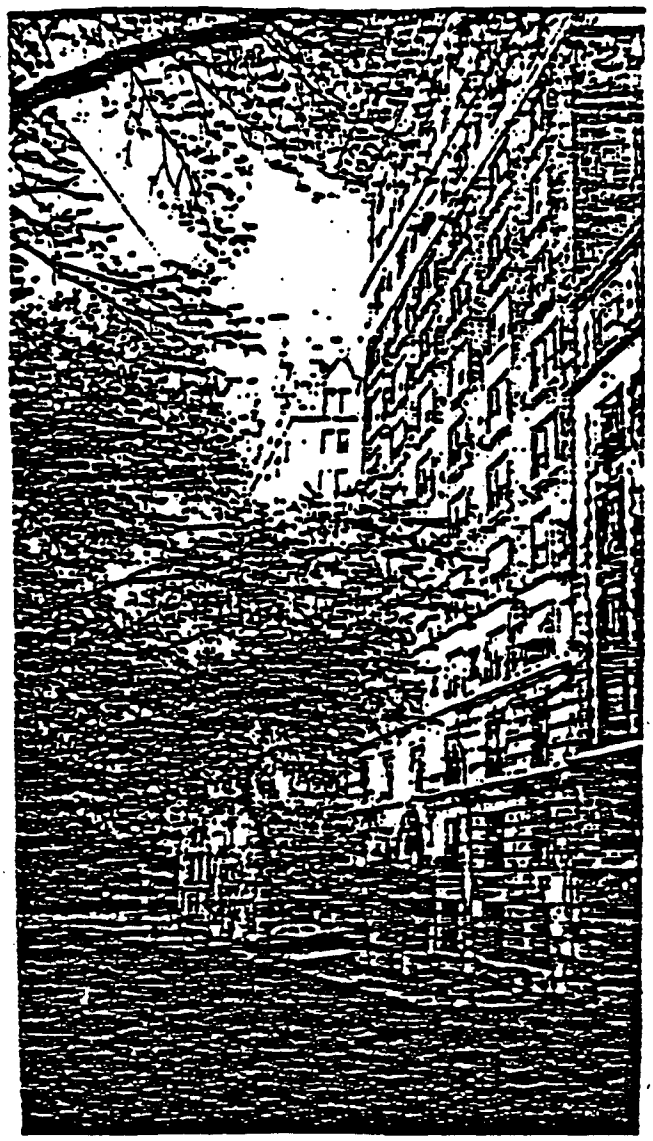
Tudor City



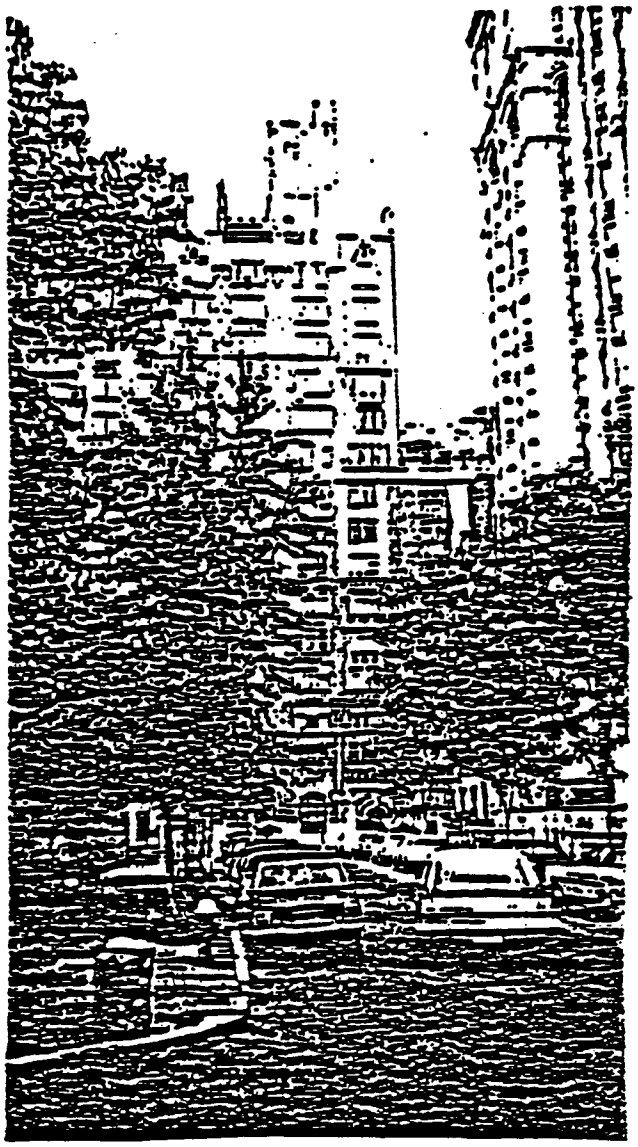
Fifth Avenue



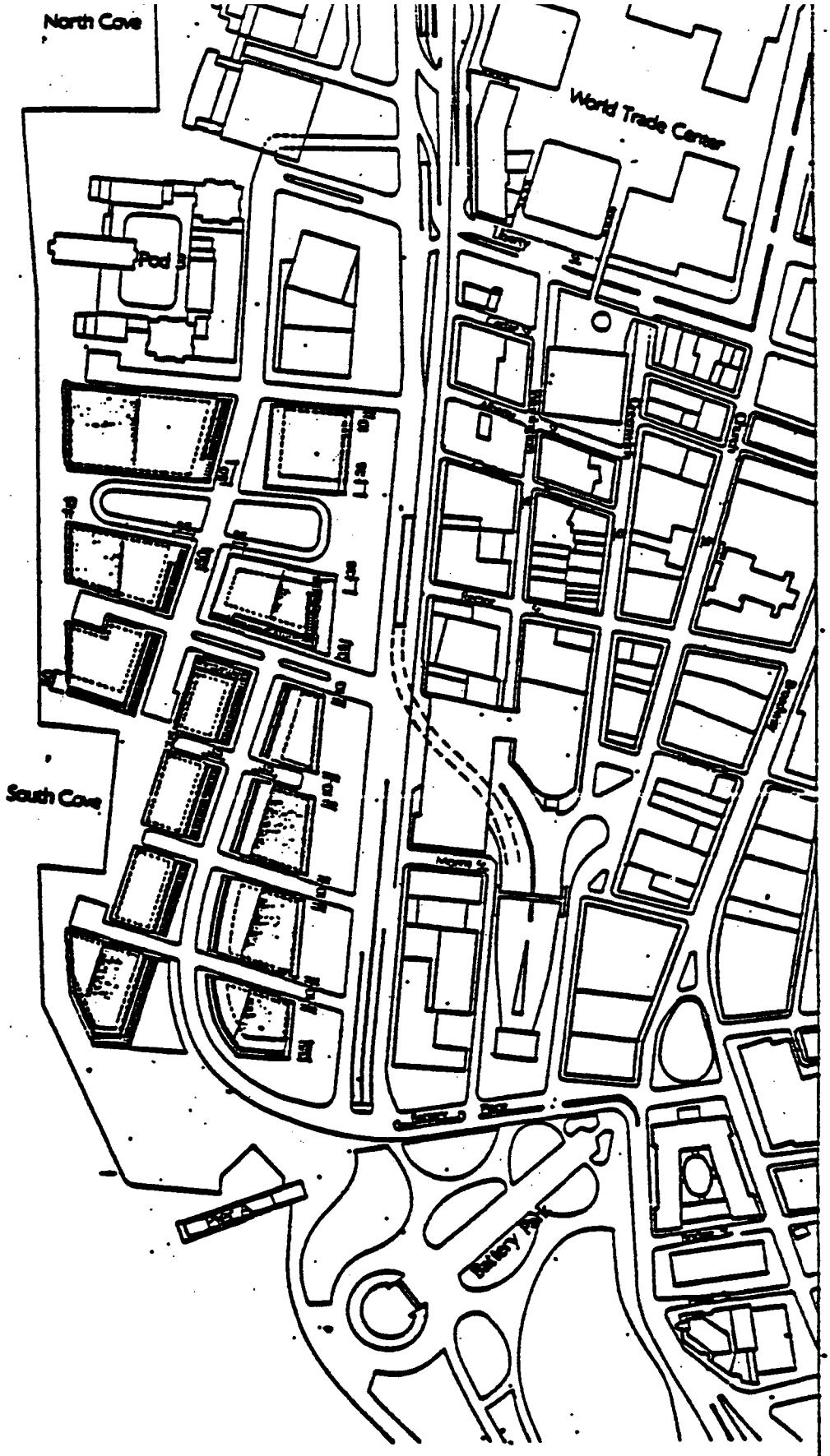
Park Avenue



Riverside Drive



Gramercy Park



Building Walls
Mandatory Arcades: 12' min.
Allowable Retail Frontage
Parking Setbacks At and Above Grade
Allowable Curb Cuts
Mandatory Landscape Setback: 15' min.
Unreserved Height

Proposed Zoning

Fig. 3

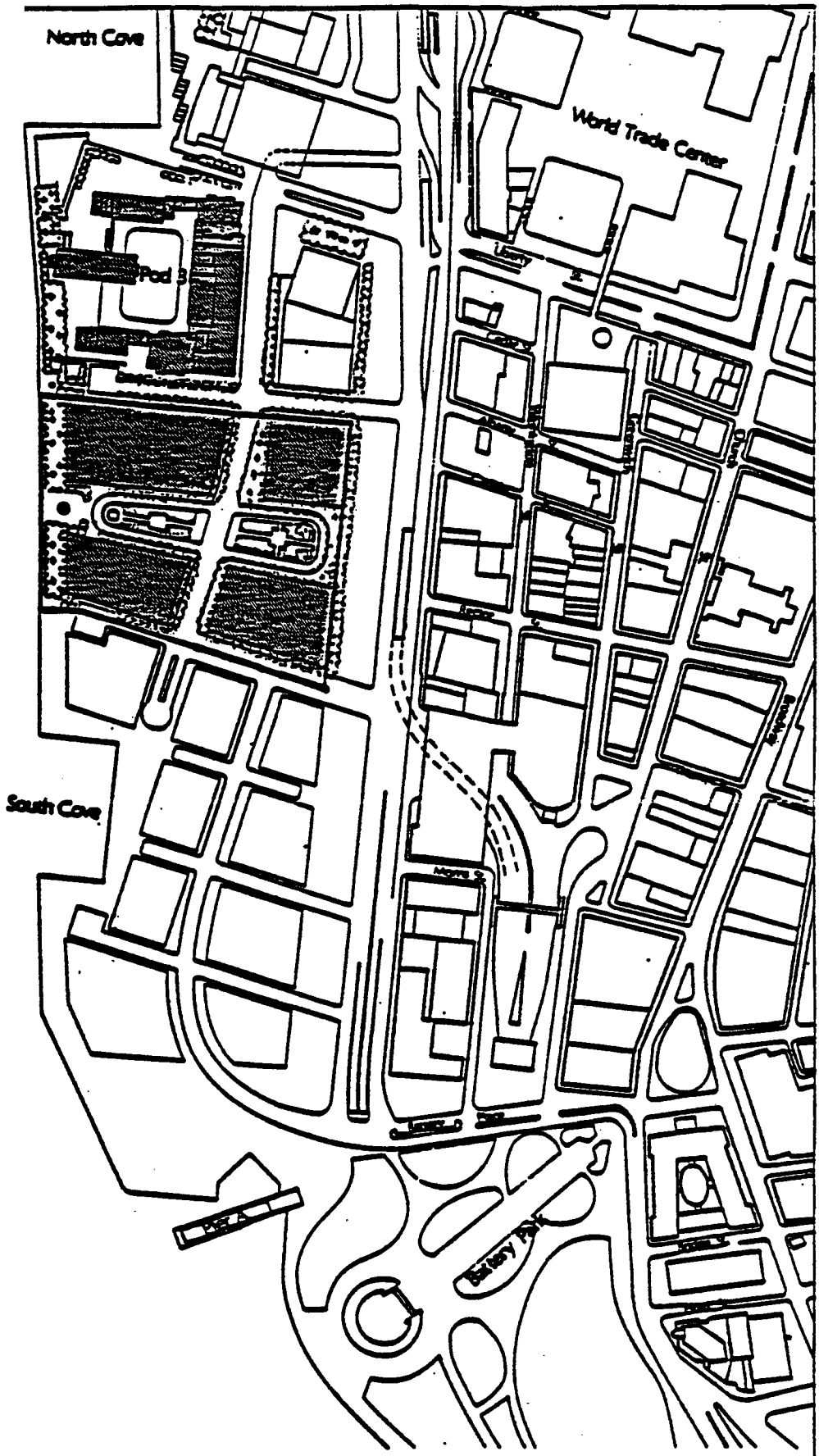
Battery Park City · 1979 Master Plan
Cooper Eckstut Associates

Street walls are kept as low as possible to provide a human scale to the streets and to provide a maximum amount of direct sunlight on the streets and parks. A 60 to 80 foot height limit is ensured on the west and south sides of the streets and all around the South Cove. 110 to 135 foot high street walls are provided on the north and east side of the wide streets and Rector Place. Bulk is concentrated in designated tower locations where the towers cast the least shadows on adjacent buildings. They are typically located off the street line and are therefore less dominant except at strategic locations where towers help to reinforce and enhance important places in the street and park system. Finally, the towers are located so as not to obstruct each other's views of the harbor.

To increase pedestrian convenience, no curb cuts are allowed on the Avenues and the parks. Access to parking and service areas are from the minor side streets. Furthermore, parking is required to be enclosed and set back from the streets and parks so as to be hidden from view. Weather protection, although limited, is afforded by required arcades along the west side of the avenues. The frontages under the arcade are zoned for retail and commercial uses.

Infrastructure

The Phase II Residential Development is shown in Figure 4. Currently under design are the streets and parks and utilities surrounding the POD-3 housing project, which is under construction and scheduled for occupancy in the Spring of 1982. This first design is intended to serve as the prototype and standard for the South Residential Area.



Phase II. Residential Development

Fig. 4

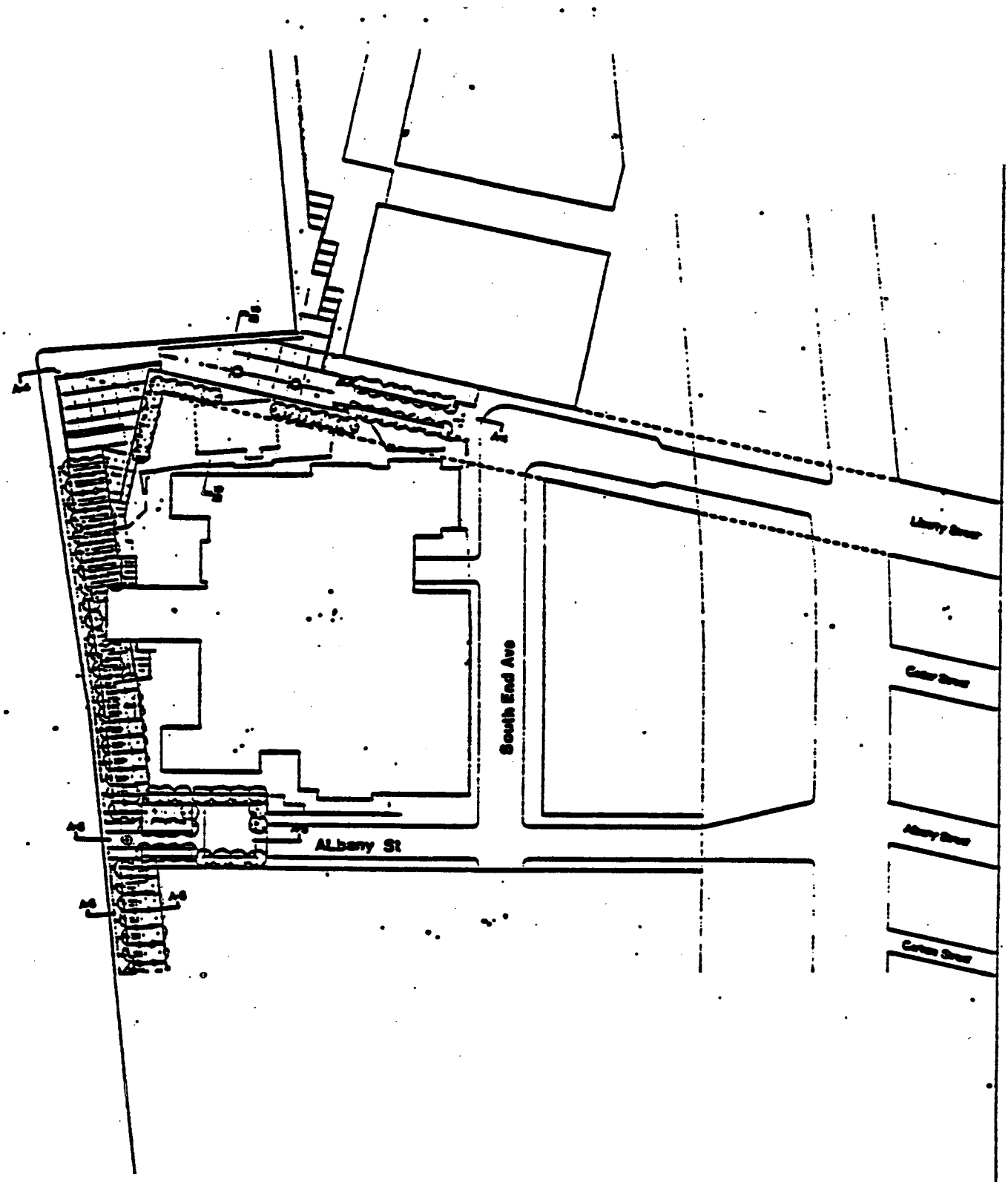
Battery Park City · 1979 Master Plan
Cooper Eckstut Associates

All of the major street and park elements are included in this design. They are an avenue, a minor cross-town street, a cul-de-sac, a major and minor park, the esplanade and the extension of a major east-west street (Liberty Street) through to a major entrance to the waterfront park system. (Figure 5)

The materials, types of trees, ground cover and shrubbery, lighting fixtures, standard details for elements that repeat themselves throughout the project (such as the sea wall and the park wall), and design criteria for disabled persons access and security are all being fixed to insure a uniform and consistent level of quality of the public spaces throughout the South Residential Area. These will be published in the form of open space guidelines and will be available in July.

Design Guidelines

The Guidelines are intended to reinforce the street map and the special zoning. They are also intended to establish a level of quality that will set a precedent for future development, serve to enhance the value of property, and protect the investments of each of the successful bidders. The guidelines complete the information provided to the developers regarding the parcels and will, therefore, help to assist in the bidding, designation , and design review processes. The land is subdivided into 12 individual parcels. This subdivision was undertaken to provide an opportunity to many developers, and to ensure a variety of building types and architectural expressions.



Pod 3 Infrastructrue

Fig. 5

Battery Park City · 1979 Master Plan

Cooper, Eckstut Associates

Quality controls are introduced to assure some amount of unity and, more important, to assure that no one building dominates the rest unless a special effect is purposely desired. These are restraints on signage, lighting, materials and colors, and projections. At the same time, the guidelines suggest where individual architectural expression is possible and desirable, such as on the upper floors and rooftops.

The parcels were designed to provide as many conventional building types as possible. They include brownstones, low-rise slabs, mid-rise slabs, high-rise slabs, and point towers.

Design Summary

The public spaces of the streets and parks are the emphasis of the design work and the focus of the new development. The buildings are the background. The street layout, the zoning, the design of the public spaces and these guidelines are orchestrated to provide, in the end, a pleasurable walking experience along the Hudson River.

Instead of a "project" type of development, the Phase II area is purposely subdivided into small parcels. Although the South Residential Area is to be built in stages by many developers, it is still possible to achieve the benefits of a large-scale plan. Avoiding uniformity, the plan incorporates different open spaces, many parcels, different building types, and the potential for a large number of developers to create variety and complexity — two qualities necessary for creating the excitement and rationale for living in New York City.

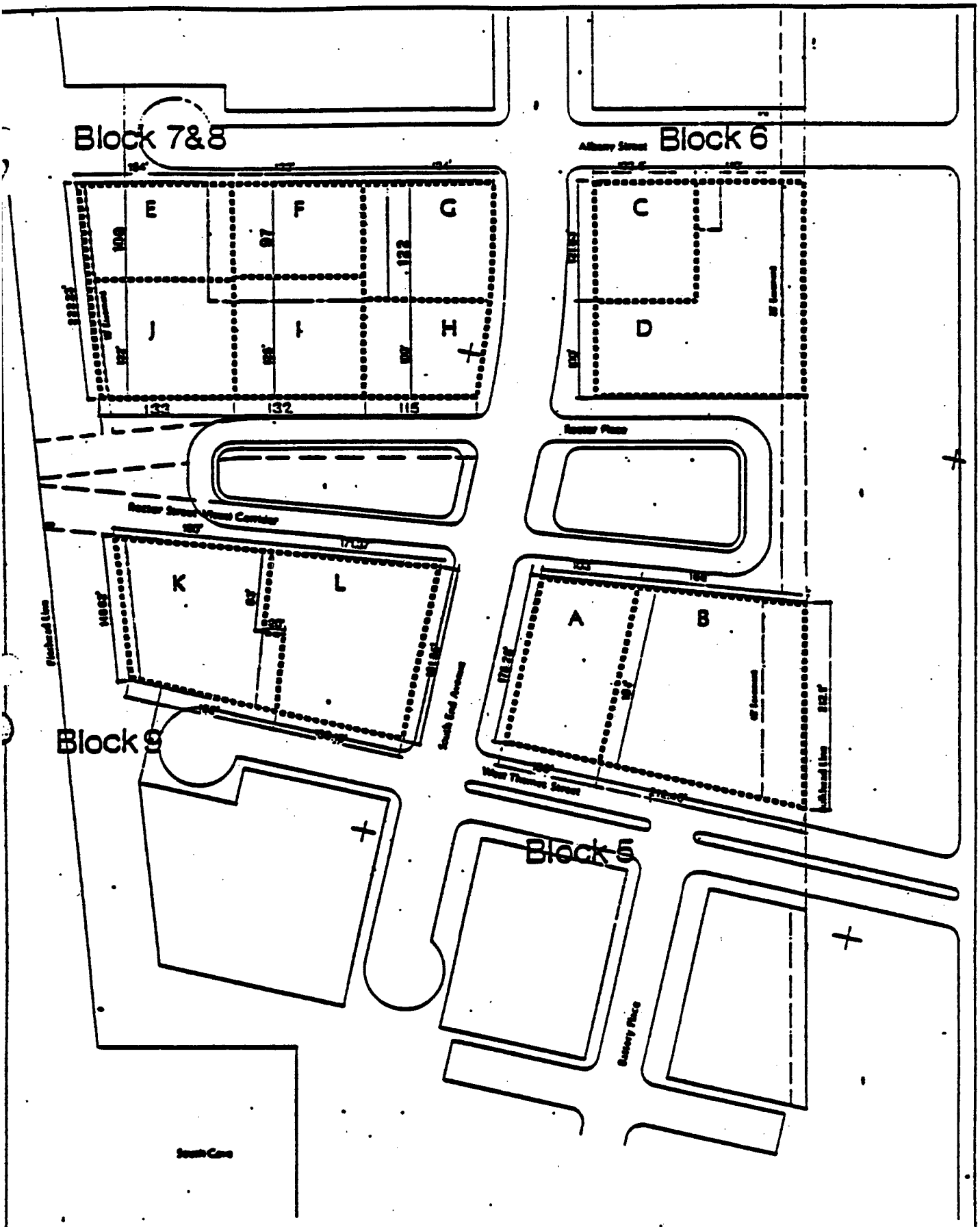
2.0 PARCEL DESCRIPTION

2.1 Site Boundary

The Phase II Residential Development comprises the four blocks surrounding Rector Park, one of the South Residential area's major open spaces. The blocks are located just south of POD III and the Commercial Center's southernmost site, and are bounded by Albany Street on the north, West Thames Street on the south, the Esplanade on the west, and West Street on the east.

2.2 Parcelization Plan

Each block has been subdivided into two or more parcels, as shown in Fig. 6. The site size, controls and design guidelines for each parcel are shown in 7.0, Program and Guidelines by Parcel.



Parcel Plan and Site Plan (All Dimensions Are Approximate)
Phase II Residential Development

Fig. 6

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

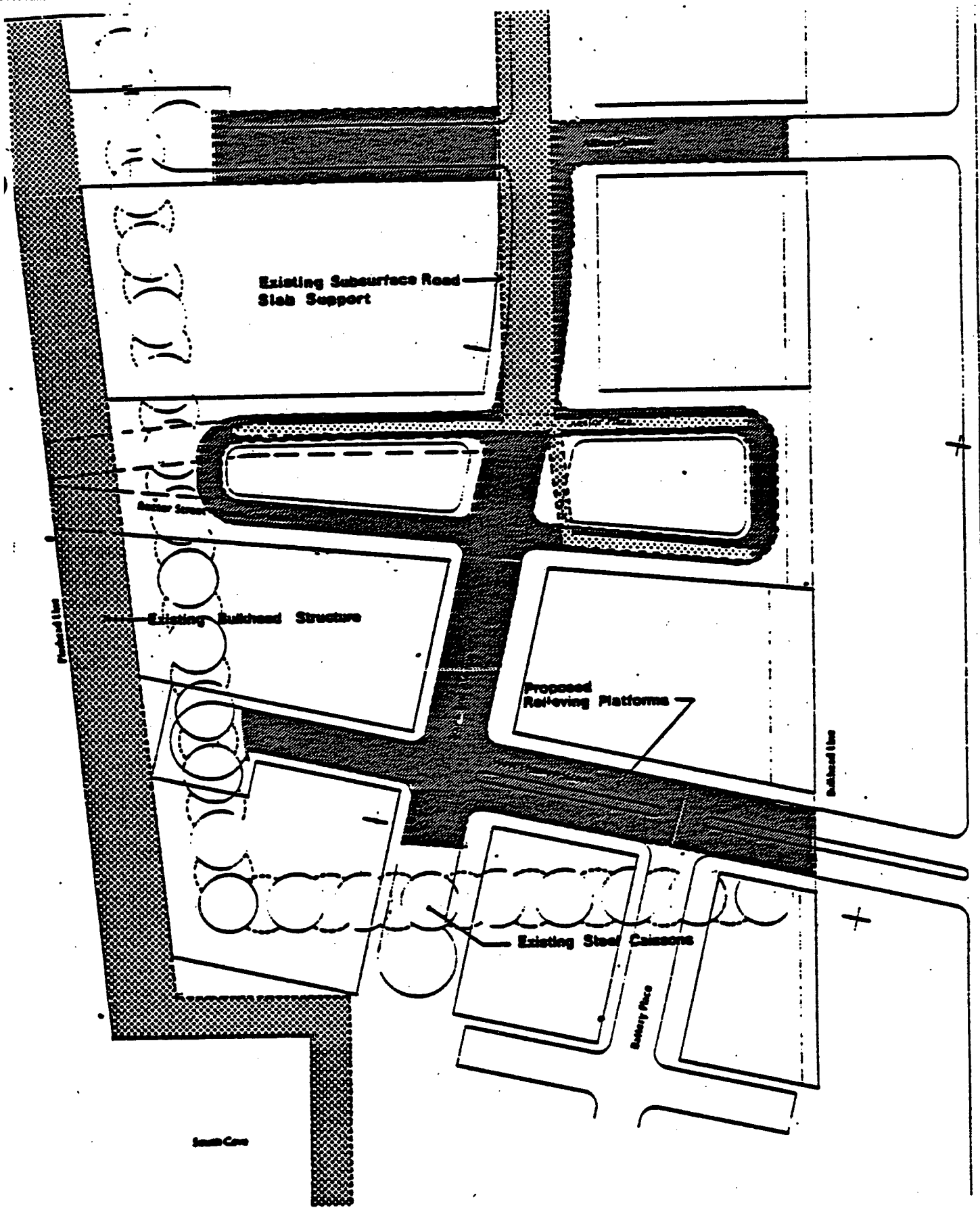
3.0 SITE CONDITIONS

3.1 Geotechnical

Note: No fill will be removed from BPC without permission from BPCA, and if to be removed from a parcel but remain in BPC, shall be placed by the developer as directed by BPCA.

a) General Soil Conditions

Construction and projected settlements under existing conditions and present fill depths are described below. Also see drawing entitled Bulkhead and Support System (Figure 7). There is approximately 60 feet of fill overlying the bedrock surface. This fill was formed by end dumping spoil from the World Trade Center construction within the area surrounded by the cellular sheet pile cofferdams. In several areas, the existing soft organic materials have been redistributed laterally, resulting in layers of buried organic material, ranging in thickness from 20 feet to 40 feet thick. Due to the heterogeneous nature of the fill and large settlements which have been predicted, roadways will be constructed over pile-supported platforms. Utilities will be carried either on these platforms or on pile-supported cradles as required. Each roadway, utility and adjacent structure will have to be reviewed individually as to the intended use, the proposed construction and the existing subsurface conditions at that location. All buildings will



Bulkhead and Support Systems
Phase II Residential Development

Fig. 7

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

be constructed on foundations supported by piles to bedrock.

b) Bulkhead and Relieving Platform Conditions Along Esplanade

1) The relieving platform has a loading capacity of 750 pounds per square inch which includes a 100-pound live load.

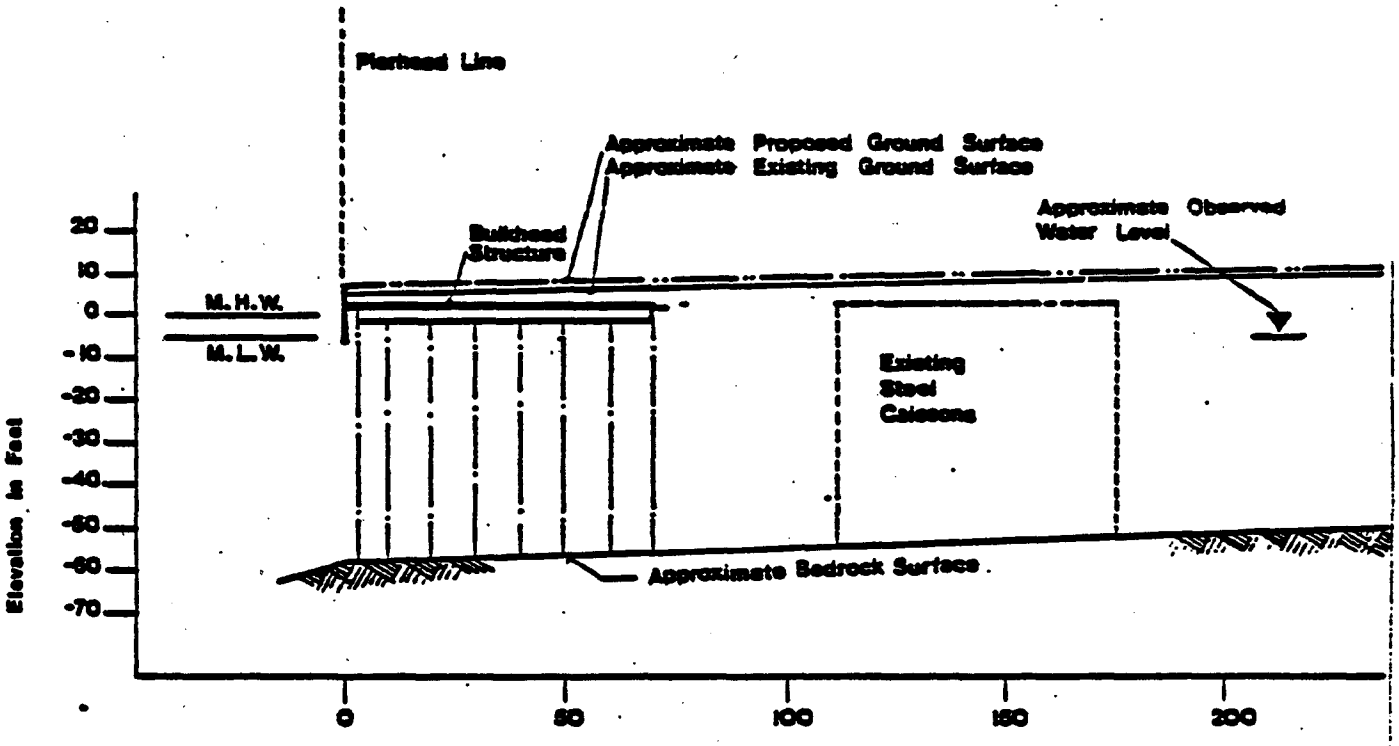
2) The maximum depth of standard fill material (approximately 130 lbs/cf) allowable is 5.5 feet, setting maximum finish grade elevations at the esplanade at 7.5 feet.

3) The bulkhead is designed to support all necessary emergency and service vehicles at the lower esplanade level.

c) Water Conditions

The subject area is bounded on the west shore by the Hudson River. Mean high water (MHW) is at elevation 0.0. The 100-year storm elevation is at approximately elevation 6.8 feet. Approximate observed water levels are shown on the section (Figure 8). Variations in the water table within the fill are due to rising and falling of the tides in the Hudson.

Basement slabs in the fill area can be constructed at any elevation if designed to resist hydrostatic pressure (side pressure and uplift) and water penetration.



Section
Phase II Residential Development

Fig. 8

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

3.2 Streets

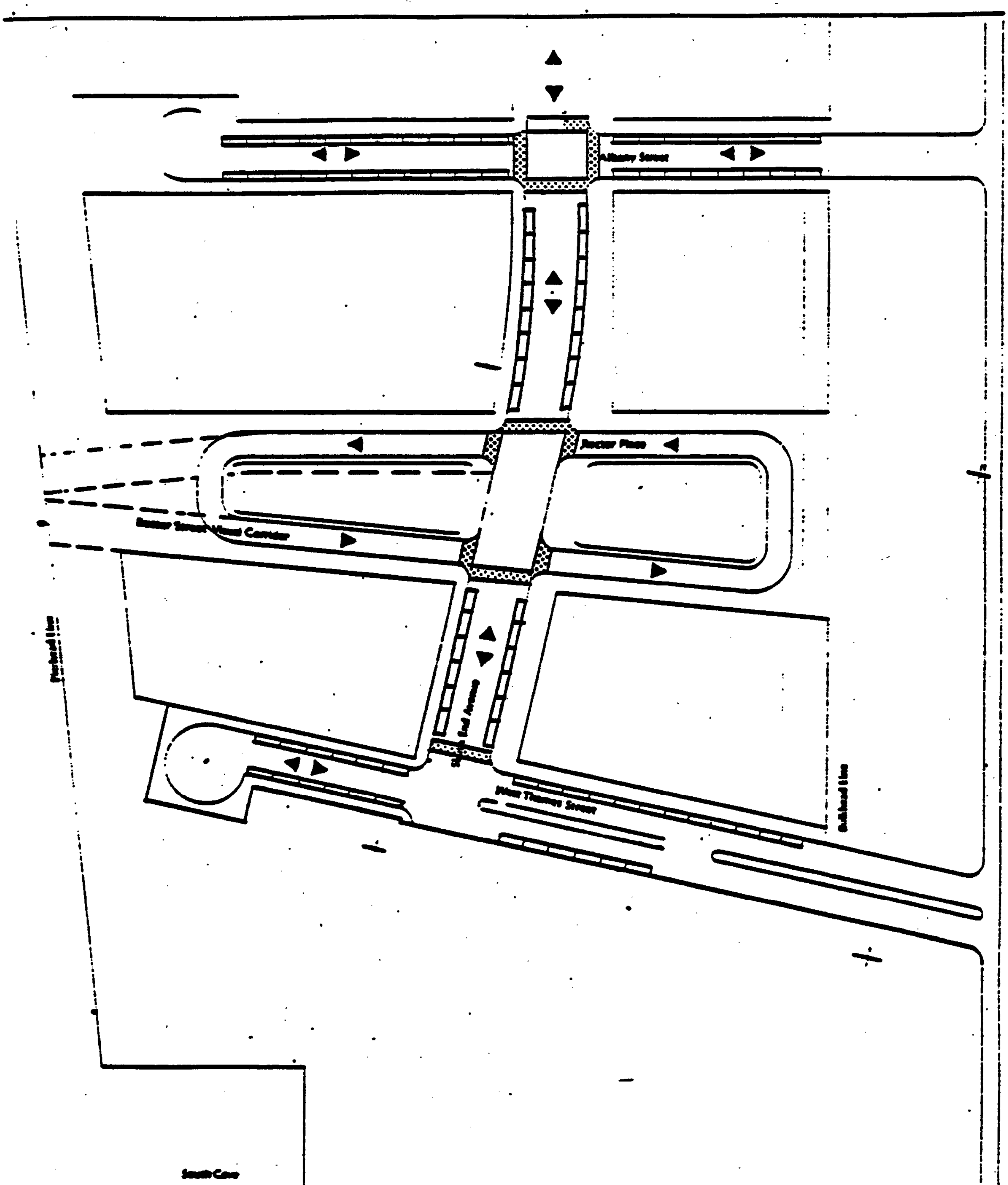
a) Access and Layout

A system of surface streets is proposed to serve all the parcels. The streets have been aligned to follow the direction of existing streets east of the site. Their widths have been set to carry projected pedestrian and vehicular traffic. The drawing entitled Interim Road Plan, Figure 9, shows vehicular circulation, access points, and street right-of-way layouts. The plan consists of two types of streets: 1) avenues, and 2) service streets.

South End Avenue consists of 100 feet ROW with a 60-foot two-way roadway containing 8-foot parking lanes on each side. Pedestrian areas consist of a 13-foot sidewalk on the west and a 27-foot minimum tree-lined sidewalk on the east. Albany Street is a 74-foot ROW with a 44-foot two-way roadway containing 8-foot parking lanes on each side. Sidewalks are 15 feet wide each side.

Rector Place is a loop road within a wide public area. The roadway is 24 feet wide with 20-foot sidewalks adjacent to the parcel lines.

West Thames Street between West Street and South End Avenue consists of 100 feet ROW with a 60-foot two-way roadway divided by a 10-foot wide center strip. Eight-foot parking lanes are included on each side. Sidewalks are 15 feet wide on each side of the street. West of South End Avenue, West Thames Street consists of a 62-foot ROW with a 38-foot



Crosswalk
Parking Lane
Traffic Circulation

Interim Road Plan
Phase II Residential Development

Fig. 9

Battery Park City · 1979 Master Plan
Cooper.Eckstut Associates

two-way roadway containing 8-foot parking lanes on each side. The street ends in an 80-foot turnaround which permits U-turns. Sidewalks on either side are 12 feet wide.

b) Interim Street Construction

South End Avenue will be completed from Liberty Street to Albany Street under previous construction contracts as will the northern 30 feet of Albany Street roadway, from West Street to the esplanade.

Construction of streets for Phase II Residential Development includes: completion of the south 14 feet and sidewalk of Albany Street, South End Avenue to the south side of West Thames Street, the Rector Place loop, and a portion of West Thames from West Street to the esplanade.

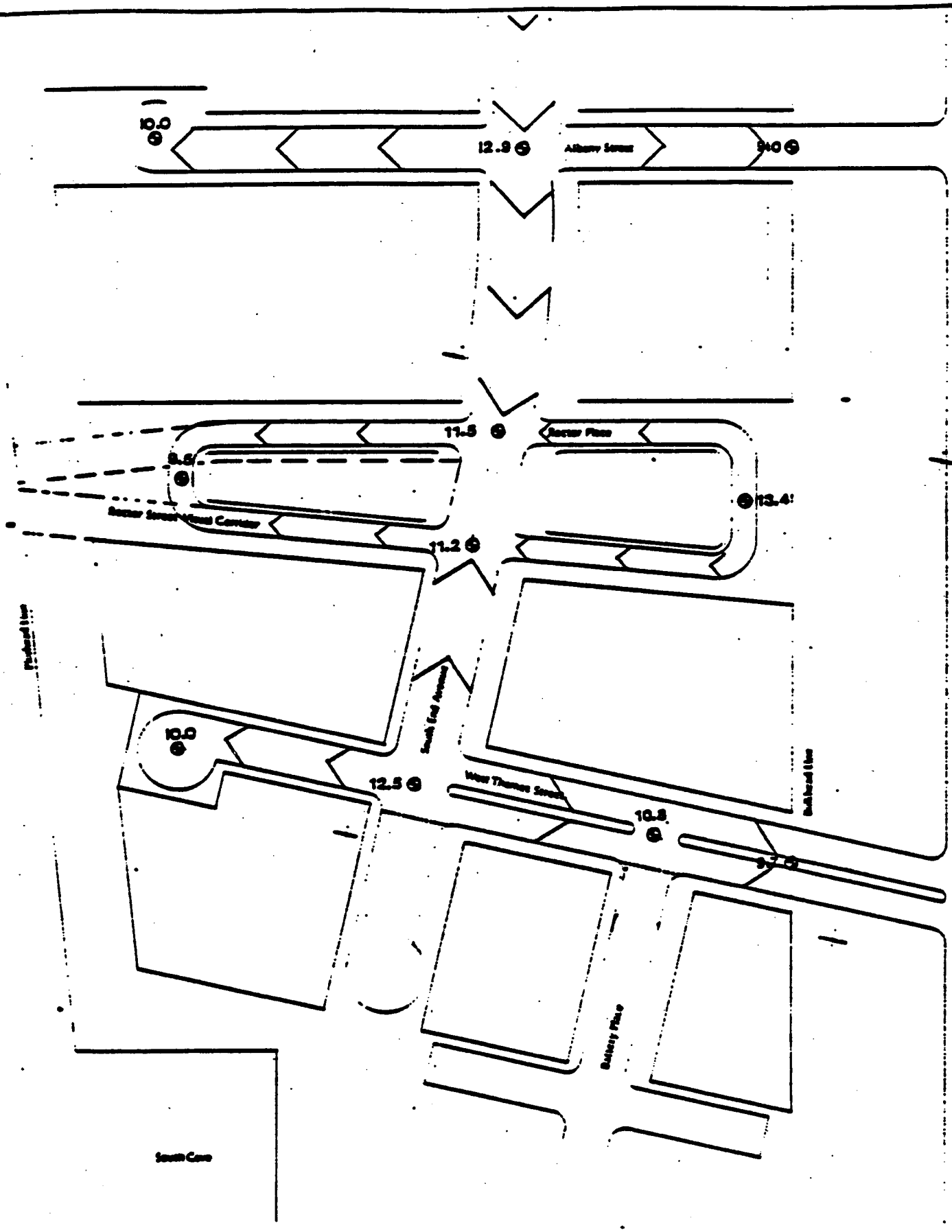
c) Traffic

Access from West Street to the Rector Place area is from South End Avenue via Liberty Street and West Thames Street. These are all two-way streets. Rector Place is a one-way counter-clockwise loop.

Access to the majority of building lobbies would be from Rector Place whereas service and parking access would be from Albany Street and West Thames Street.

d) Parking

The New York City Department of Transportation is developing a parking plan for the streets within Battery Park City.



Surface Elevations

Phase II Residential Development

Fig. 10

Battery Park City · 1979 Master Plan

Cooper, Eckstut Associates

It is not known at this time what the parking regulations will be or to what extent metered parking will be allowed. It is assumed that overnight parking will be permitted on the streets. The Interim Road Plan shows the location of street parking.

e) Pedestrians

Pedestrian access across West Street will be provided by crosswalks at the major intersections and at Rector Street. In addition, it is expected that a pedestrian bridge will be constructed on Liberty Street as part of the commercial center. Within the project area, crosswalks will be located as shown on the Interim Road Plan.

f) Street Grading

The streets have been graded to permit first floor building elevations to be set at an elevation range of +10.0 to +12.0. The elevation along the western bulkhead and esplanade is set at +8.5 and elevations along the eastern property line are compatible with the future elevations of the Westway service road proposed at elevations +9 to +11.5. Interim roadway solutions prior to Westway construction provide direct connections to existing West Street.

The grading of all streets is shown on the drawing Surface Elevations (Figure 10). Street grades are shown by contour lines and the elevations at intersections and street ends are noted.

Within each parcel, basements can be constructed below the first floor elevation to any desired elevation as described under Site Conditions.

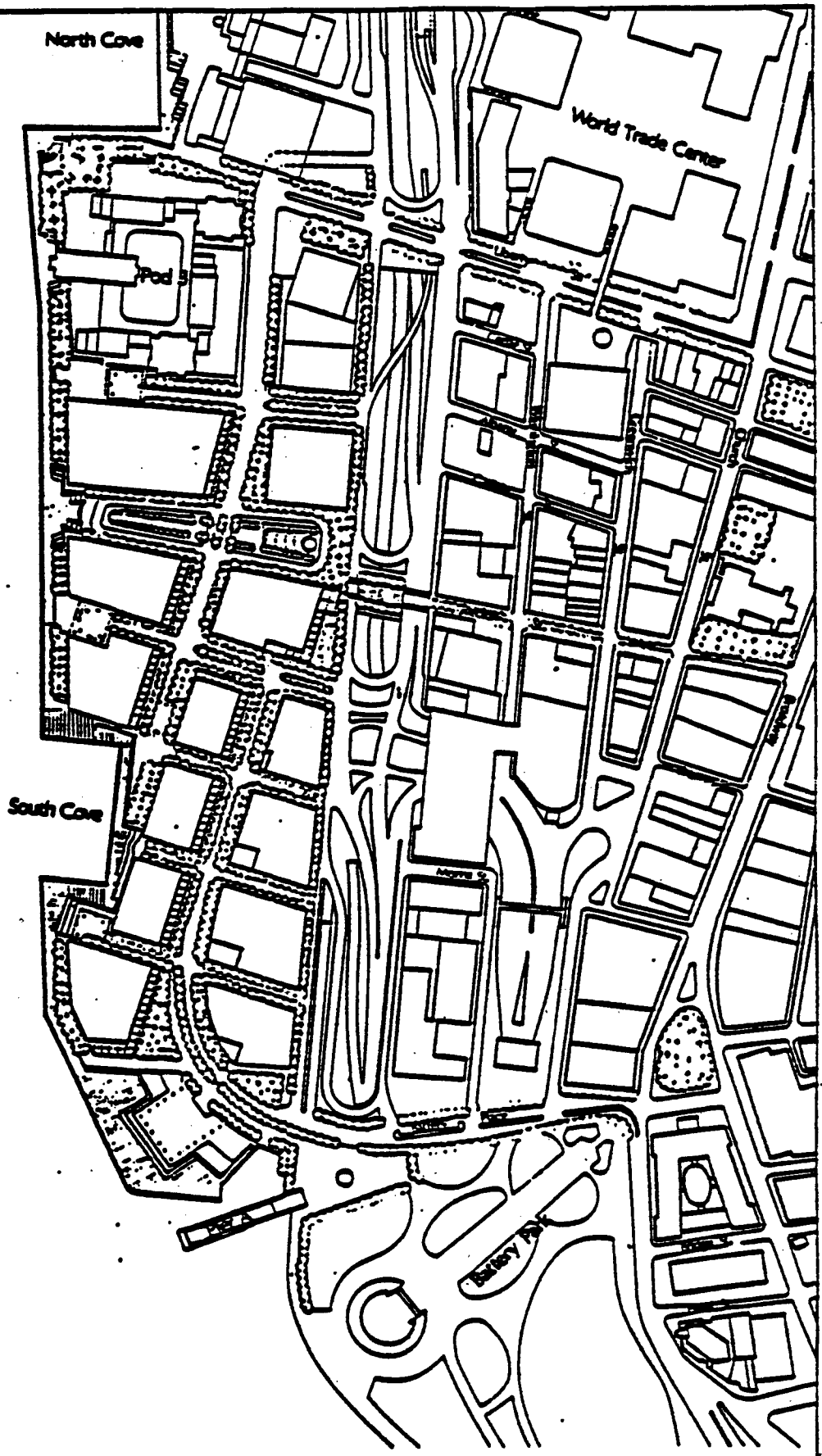
3.3 Open Spaces

a) Open Space Concept

The public open space system in the residential area has been organized as a sequence of interrelated spaces. It is shown in Fig. 11. Two overriding concepts shape its design. The first is to recognize and accentuate the special significance of individual places created by the plan in order to develop maximum diversity. These special places include Rector Place and the overlook parks at the end of West Thames and Albany Streets and Rector Place. The second is to provide elements of continuity to create a sense of unity for the overall site. Diversity will be created through the varying uses of paving, planting, lighting, and furnishings. The spaces that will provide unity will be the waterfront esplanade, South End Avenue and the streets. Each will have consistent treatment in their configuration, paving, planting, lighting, and furnishings.

1) Waterfront Esplanade

Because of its unique location at the river's edge, its public nature and its connection with other major open spaces, the esplanade will be the most important and



Ground Floor Plan

Fig. 11

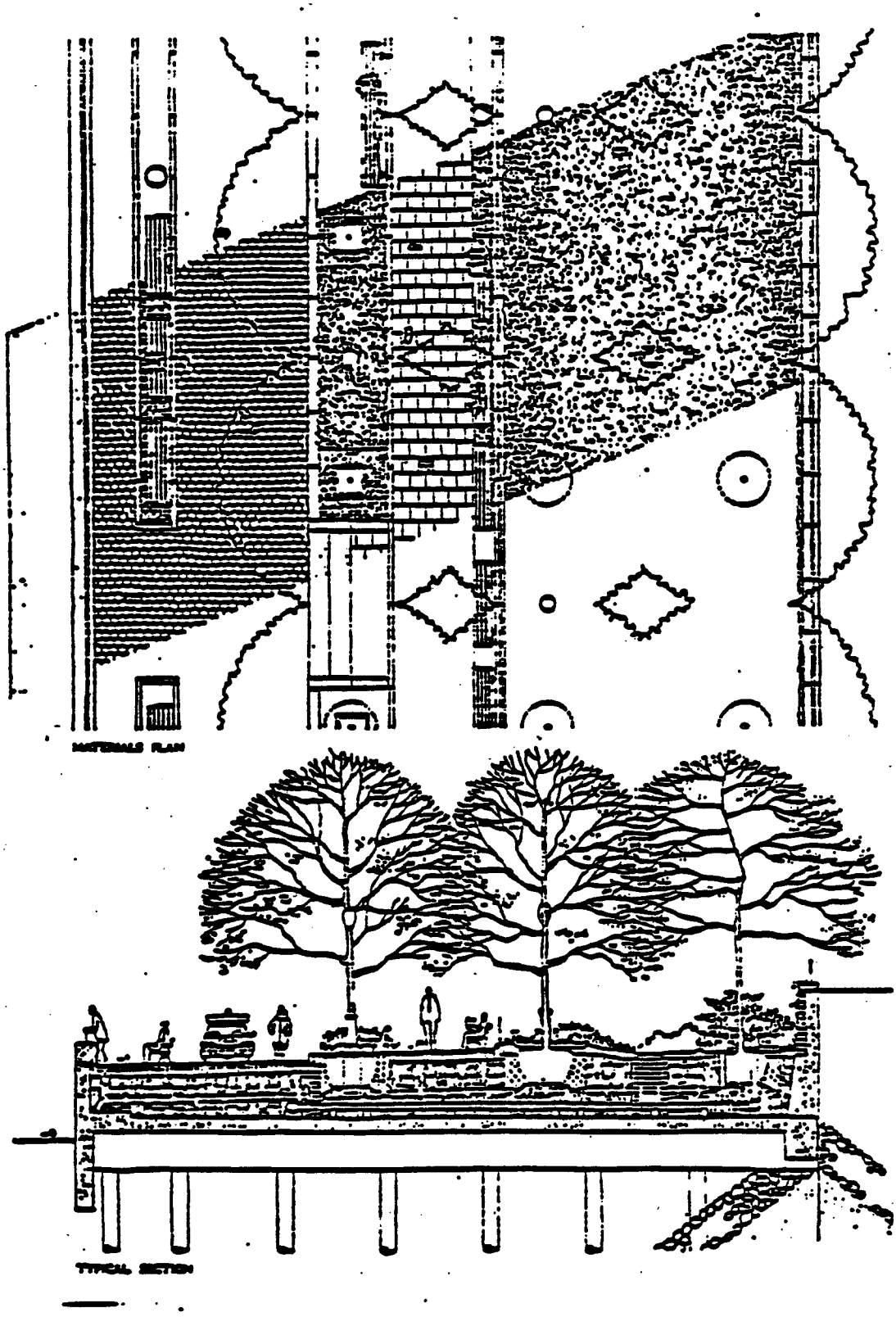
Battery Park City · 1979 Master Plan
Cooper Eckstut Associates

intensively used element of the open space system. It will be used by residents, workers and visitors both as a place to be and a place to circulate through. The esplanade will include a lower level waterside promenade and an upper level with benches and rows of large shade trees. The trees will provide both visual amenity and protection from the

The Esplanade will be closed to all but emergency, police, and maintenance vehicles, which will be confined to the lower level. The esplanade incorporates the traditional elements of other New York City esplanades, including Brooklyn Heights and Carl Schurz Park, and is planned to accommodate as many trees and shrubs and as much ground cover as possible (Fig. 12).

2) Rector Place

Rector Place, as a focal center and common for the South End residential area, has a unique potential to contribute an ambiance and special character to its entire neighborhood. It is conceived to be a small but verdant green park with a combination of formal and informal plantings, walkways, fountains, sculpture and sitting areas in the manner of the traditional eighteenth and nineteenth-century London square, Boston's Louisburg Square and Manhattan's Gramercy Park. In contrast to the Esplanade and other open spaces, Rector Place will be inward looking and contemplative in character. Rector Place, sloping down to the river, will have a small overlook park above the esplanade, with ramps and stairs connecting to it. Rector Place will exert a



Esplanade

Phase II Residential Development

Fig. 12

Battery Park City · 1979 Master Plan

Cooper, Eckstut Associates

gentling influence on its high-density urban environment.

3) Street End Parks

Small, informal parks at the ends of the streets leading to the river from South End Avenue will merge streets and esplanade into a continuous park like setting. These open spaces will be individually developed to provide different experiences and contain a variety of play and passive recreation opportunities. With their elevation, approximately three feet above the esplanade, the street ends will overlook the esplanade. Gently sloping ramps down to the esplanade will provide access for the handicapped and for emergency and maintenance vehicles.

4] Landscape Areas

The open space plan for Battery Park City's residential development includes continuous dedicated landscape areas on individual development parcels. The landscape areas, which should be treated in a manner similar to the public open spaces, will provide a visual extension of the public green spaces and also serve to screen and separate public from private spaces. Informal plantings — of grass, ground covers, trees and shrubs — will enhance the quality of individual developments while contributing much to the overall environmental amenity of Battery Park City.

Landscape easements along West Street will be developed as a formal walkway running the entire length of the South Residential Area, consisting of a double row of trees and paved walk similar to the east side of South End Avenue, and will be constructed and maintained by the developer.

b) Open Space Components

1) Pavements

A combination of unit pavers and monolithic pavements is likely. Materials under consideration include granite, precast concrete and asphalt pavers, and broom finish concrete.

2) Planting

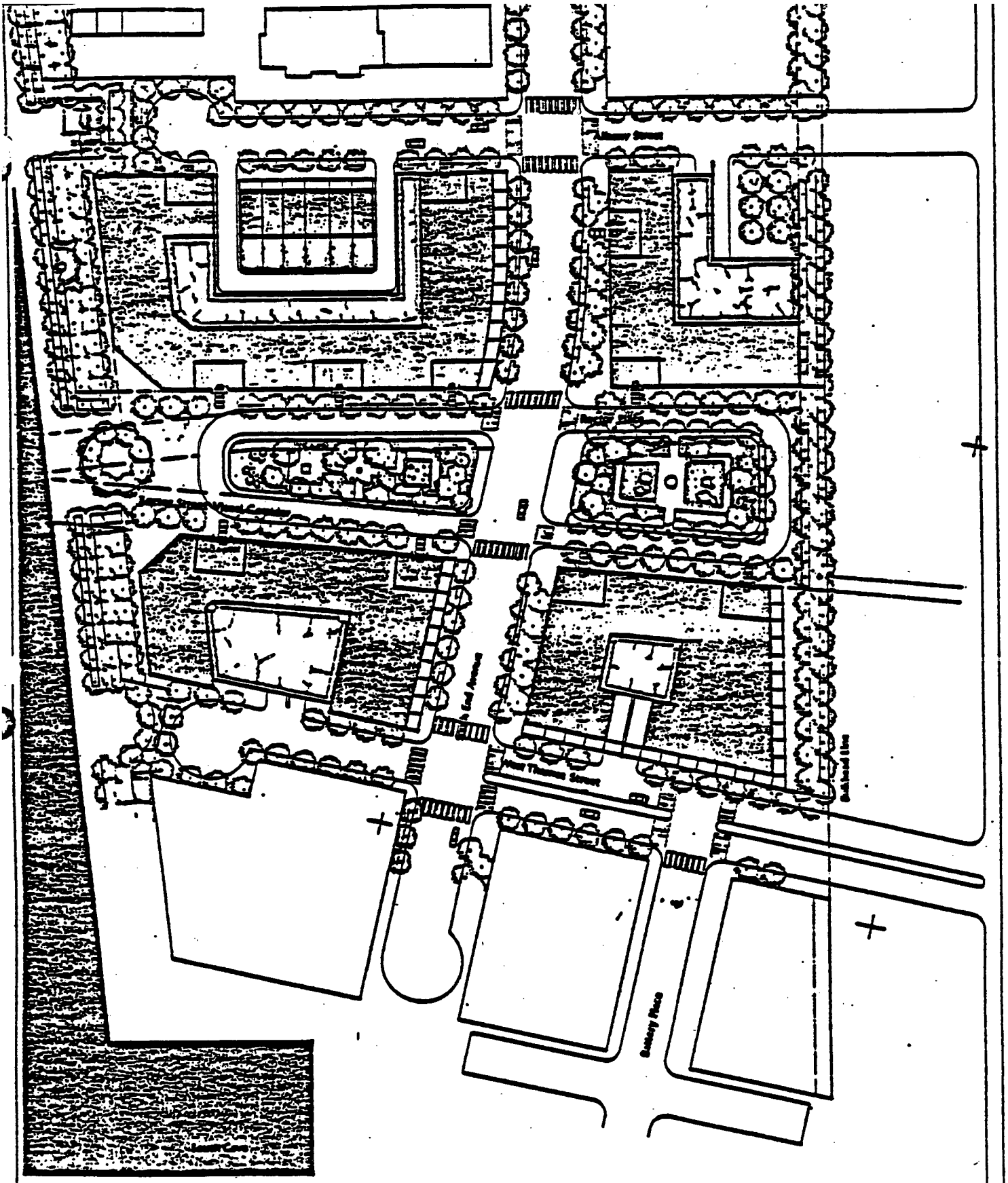
The Open Space Plan calls for planting in all major streets, esplanade, and all public open spaces. In general, the streets and esplanade will contain patterned planting groups while Rector Place and the street end parks will contain more varied treatment. Various tree spacings will be developed for street, esplanade, and parks. Species have been recommended on the basis of shade, sun, water and maintenance needs; wind and pollution tolerance; and availability and cost.

3) Physical Elements and Furnishings

Amenities such as benches, railings, drinking fountains, bollards, lights, kiosks, telephone and trash receptacles have been included in the design. As the need and desire for additional amentities — sidewalk cafes, outdoor cafes, outdoor displays, more seating — occur, the plan provides the flexibility to accommodate them.

In addition to normal considerations of cost-effectiveness, quality and appearance, it is desirable when selecting and designing the fixtures to consider the particular nature of Battery Park City and its location in Lower Manhattan alongside the Hudson River. The marine proximity will help in terms of identity and the creation of a strong sense of place within the city and region.

The use of materials, finishes, details, and forms in common usage of marine environments, should help to prolong the life and activity of these furnishings. Likewise, there are design elements which are associated with the City of New York in general and either Lower Manhattan or Battery Park in particular, which can and should be used, re-used or recalled when appropriate. These include certain park furnishings such as the traditional iron and wood bench and lighting fixture, the grillwork and brackets common on bridge and tunnel work, some of the remarkable details and ornaments of the office towers, and the iron railings of the parks.



Ground Floor Plan
Phase II Residential Development

Fig. 13

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

A dense urban environment such as Battery Park City, with its extensive open space system of plazas, parks, esplanades and boulevards, is incomplete without those elements that speak of civic pride and beauty: public fountains and sculpture. The public open spaces as well as many private spaces of Battery Park City need such embellishment and afford ample opportunities for its inclusion. The open spaces in this Phase II Residential area are shown on the ground floor plan (Fig. 13).

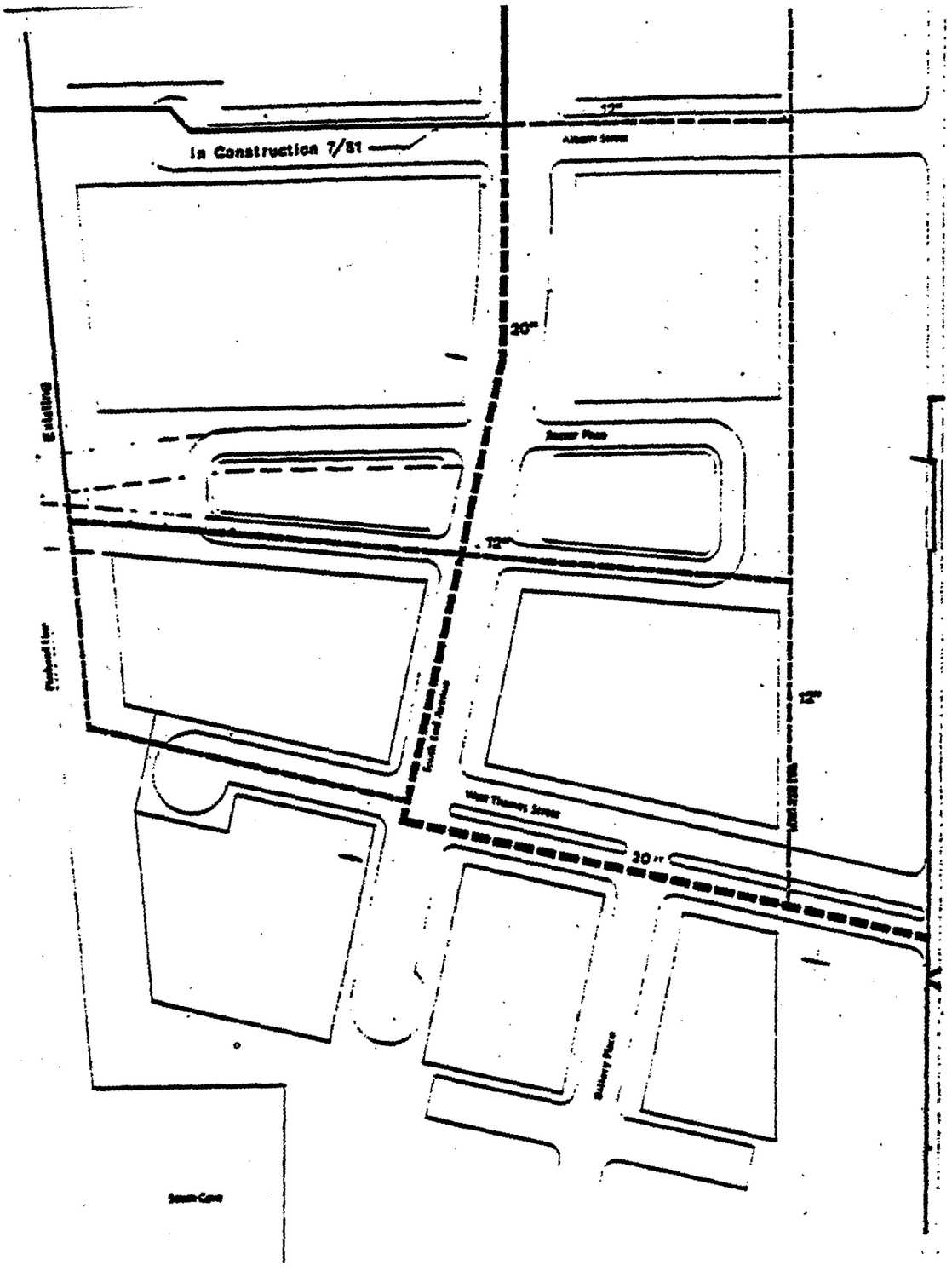
3.4 Utilities

The developer is responsible for tying-in to utilities provided in the streets & sidewalks (connections will be provided at main lines) and to support such tie-ins to each parcel from the edge of the relieving platform in a manner approved by BPCA.

a) Water System

New York City water will be available to all parcels within the Rector Place development area for both potable and fire-fighting use. The Authority will cause a complete system of mains, valves, and hydrants to be installed.

Upon acceptance of dedication by the City, the system will then be maintained and serviced by the Department of Water Resources over streets and public areas. See drawing entitled Water Lines (Fig.14). A 20-inch main has been installed in Liberty Street and South End Avenue from a tap into the existing city main in West Street and a 12-inch main has been installed in Albany Street and along the esplanade to Rector Place. These two lines will be extended as shown on drawing entitled Water Lines. The 20-inch main will be extended along South End Avenue from Albany Street to West Thames Street. It will turn and continue east along West Thames to a new tap into the water line existing in West Street. The 12-inch line will be extended along the esplanade and connected to new 12-inch mains to be installed in the south loop of Rector Place and in West Thames Street to a connection with the 20-inch main. A 12-inch line will be installed along West Street and connected to each street line to complete



Water Lines
Phase II Residential Development

Fig. 14

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the service loop. Hydrants will be spaced along all streets and areas as required.

The mains will be located about four feet below grade. Service taps will be installed and capped opposite each parcel to provide residential and standpipe service as needed. Details of the taps and connections to them are subject to the review and approval of the Authority and the Department of Water Resources.

b) Sanitary Sewers

Sanitary sewage from all parcels within the Rector Place Development area will be transported by pipes to existing city sewers. The Authority will cause a complete system of pipes, manholes and regulators to be installed and upon acceptance of dedication by the City, the system will then be maintained and serviced by the Department of Environmental Protection in public streets and utility easement areas.

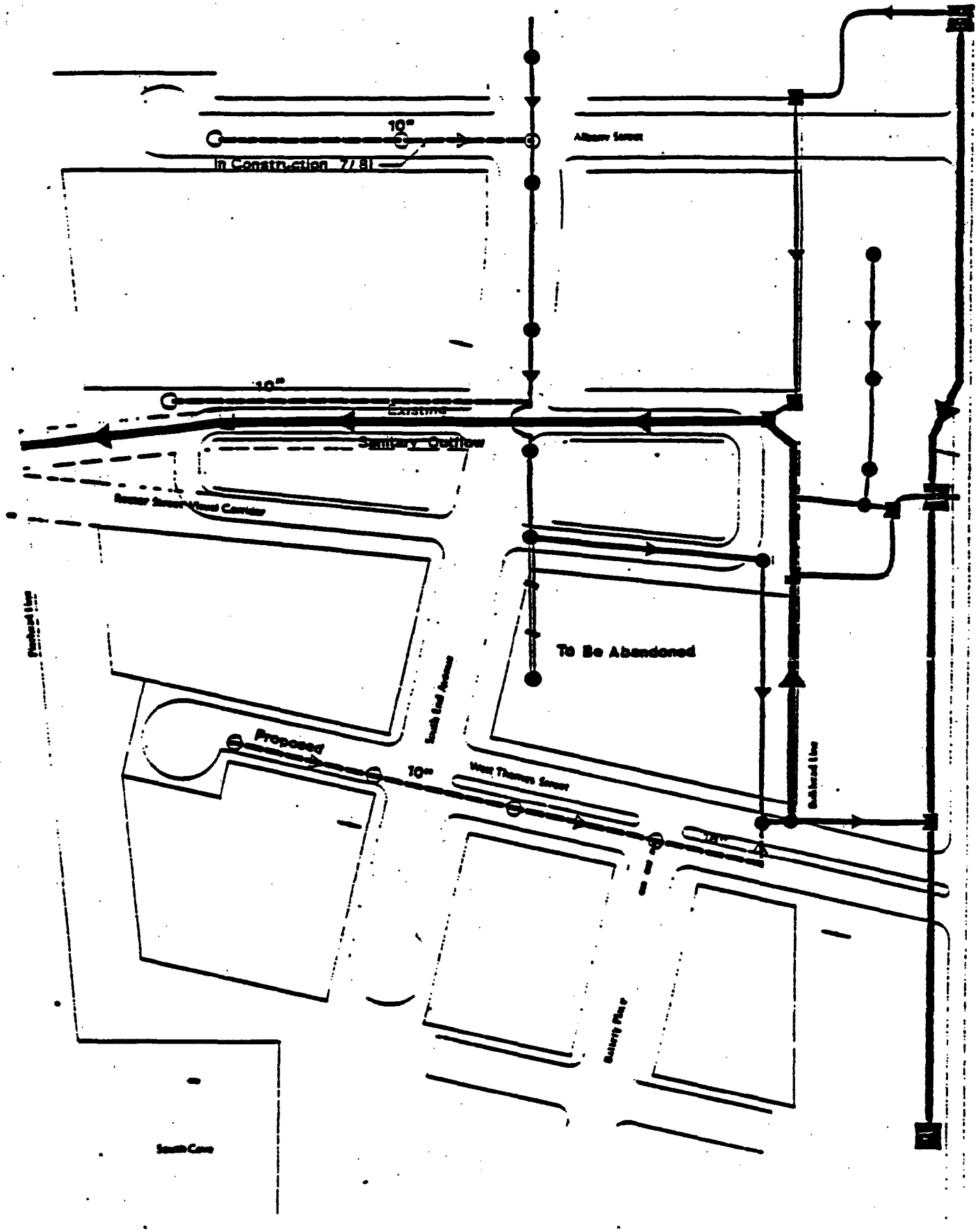
Many sewers have already been installed. The existing system includes a sewer along South End Avenue from Liberty Street to the south Rector Place loop, turning east along Rector Place and then south through a 45-foot easement at the east end of Parcel B to West Thames Street and continuing across Marginal Street to a connection into the existing 78-inch interceptor sewer in West Street. A sewer in Albany Street from east of the turn-around to South End Avenue is planned to be installed in the Summer of 1981.

Since the original sewers serving the area east of West Street are combined sewers (collecting both sanitary and storm water flows), an overflow system has been installed to protect the area from backup and flooding. This system consists of a sewer in the 45-foot easement at the east end of Parcel B from the West Thames Street sewer to the north loop of Rector Place where it connects to a 96-inch line extending west along Rector Place to an outfall at the Hudson River bulkhead. Another overflow line extends from the 78-inch interceptor across Marginal Street just north of Albany Street. It continues south along a 25-foot easement at the east end of Parcel D to the north loop of Rector Place where it joins the 96-inch outfall sewer.

A portion of the existing sewer system will be abandoned. This line exists in Parcel A. It will be abandoned from its present end in Parcel A to the manhole in the south loop of Rector Place.

A new sewer line will be installed in the north loop of Rector Place from the end of the loop to South End Avenue. Another sewer will be installed along the south side of West Thames Street from the turn-around to the existing sewer just west of Marginal Street. See drawing entitled Sanitary Sewers (Fig. 15).

All sewer lines are located so that all parcels can connect into them at convenient manholes. Details of the connections



Existing
Proposed

Sanitary Sewers
Phase II Residential Development

Fig. 18

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are subject to the review and approval of the Authority and the Department of Environmental Protection.

Invert elevations of the line have been set relatively high because of the need to support the lines on cradles or structural platforms. Because of this, it will not be possible to serve any deep basements by gravity flow. Where basements are proposed below the elevations of the streets, it will be necessary to pump the sewage into the sewer line.

c) Storm Water Drainage

Storm water from all sites, streets, and areas within the Rector Place Development will be collected via a system of catch basins and pipes and outletted into the Hudson River through outfalls placed in the bulkhead structure. The Authority will cause a complete drainage system to be installed and upon acceptance of dedication by the City, it will be maintained and serviced by the Department of Environmental Protection in streets and easement areas.

Several storm water sewers have already been installed. The existing system includes a sewer along South End Avenue from Liberty Street to the north Rector Place loop where it connects to a 54-inch sewer running along Rector Place and outletting to the river. Another existing sewer begins just west of Marginal Street and runs along the Rector Place south loop to South End Avenue where it joins the 54-inch sewer. A sewer in Albany Street, running from mid-block west to the esplanade

and then turning south within a 10-foot easement at the west end of Parcels E and J to join the 54-inch sewer in Rector Place, is proposed for construction in the summer of 1981.

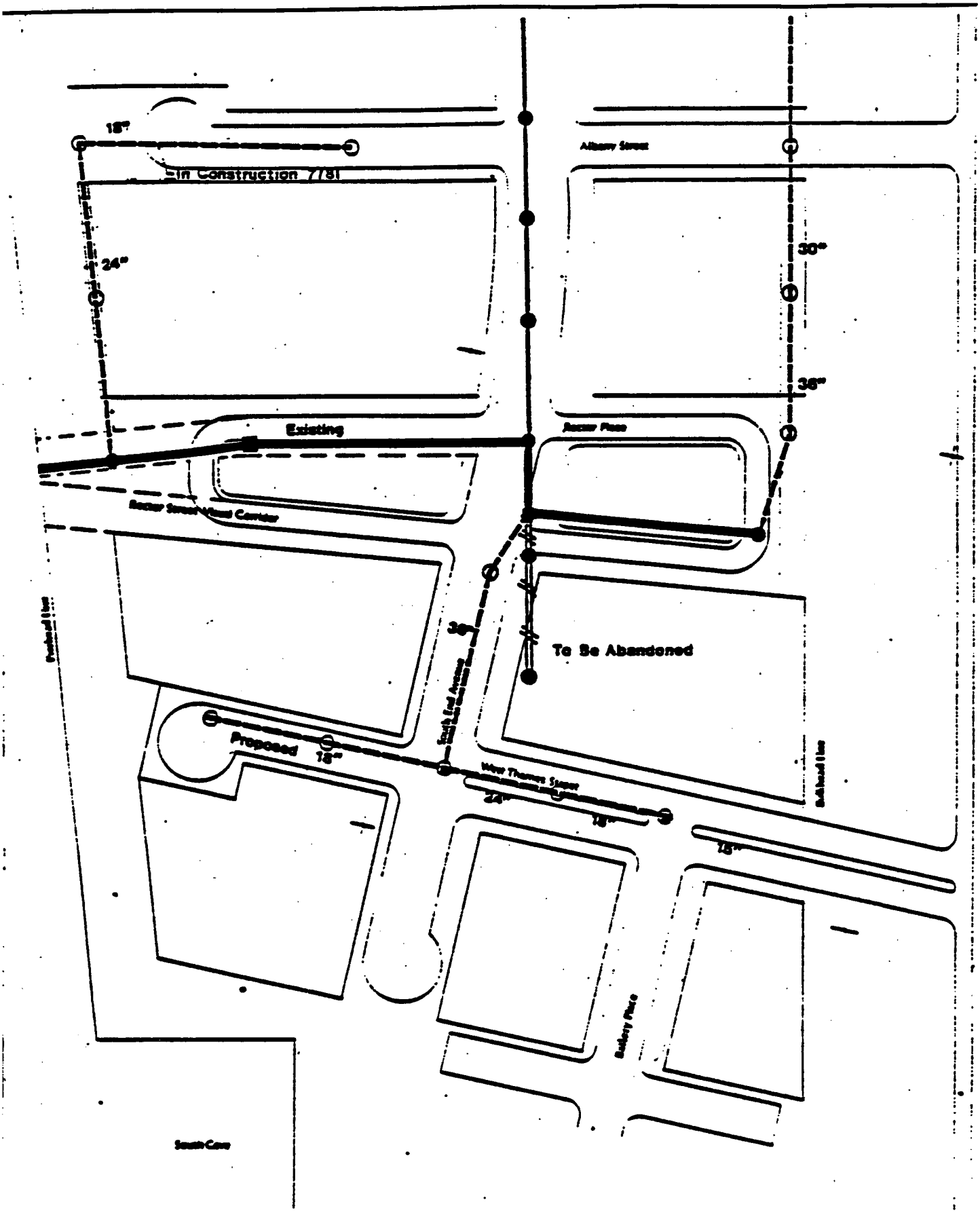
A portion of the existing sewer system will be abandoned. This line exists in Parcel A. It will be abandoned from its present end in Parcel A to the manhole in the south loop of Rector Place.

A new storm sewer line will be installed along the north side of West Thames Street from the turn-around and from just west of Marginal Street to South End Avenue to the existing sewer in Rector Place via a new sewer line in South End Avenue. See drawing entitled Storm Drains (Fig. 16).

Catch basins and manholes are located and will be installed along the sewer lines as required for connections and to drain the streets and paved areas. The mains are located so that all parcels can connect into them at any convenient manhole. Details of the connections are subject to the review and approval of the Authority and the Department of Environmental Protection.

d) Private Utilities (Electric, Telephone, Gas)

All parcels will front on public right-of-ways (R.O.W.). Within these R.O.W.s, the Authority will cause to be installed various utility systems, including electric, telephone, and gas distribution systems.



Existing
Proposed

Storm Drains
Phase II Residential Development

Fig. 16

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It will be the responsibility of each developer to bring these utility services from the main distribution system in the R.O.W. to his project.

All extensions from the utility systems in the R.O.W. to the individual parcels will be made in strict accordance with the respective supplying utility company's requirements.

Electric

Electric service in the R.O.W. will consist of multiple high-voltage feeders (13.2 kv).

The developer will be required to connect from 3 to 5 of these feeders depending on the size of his projects. The developer shall extend these feeders to the transformer vaults located at the parcel property line.

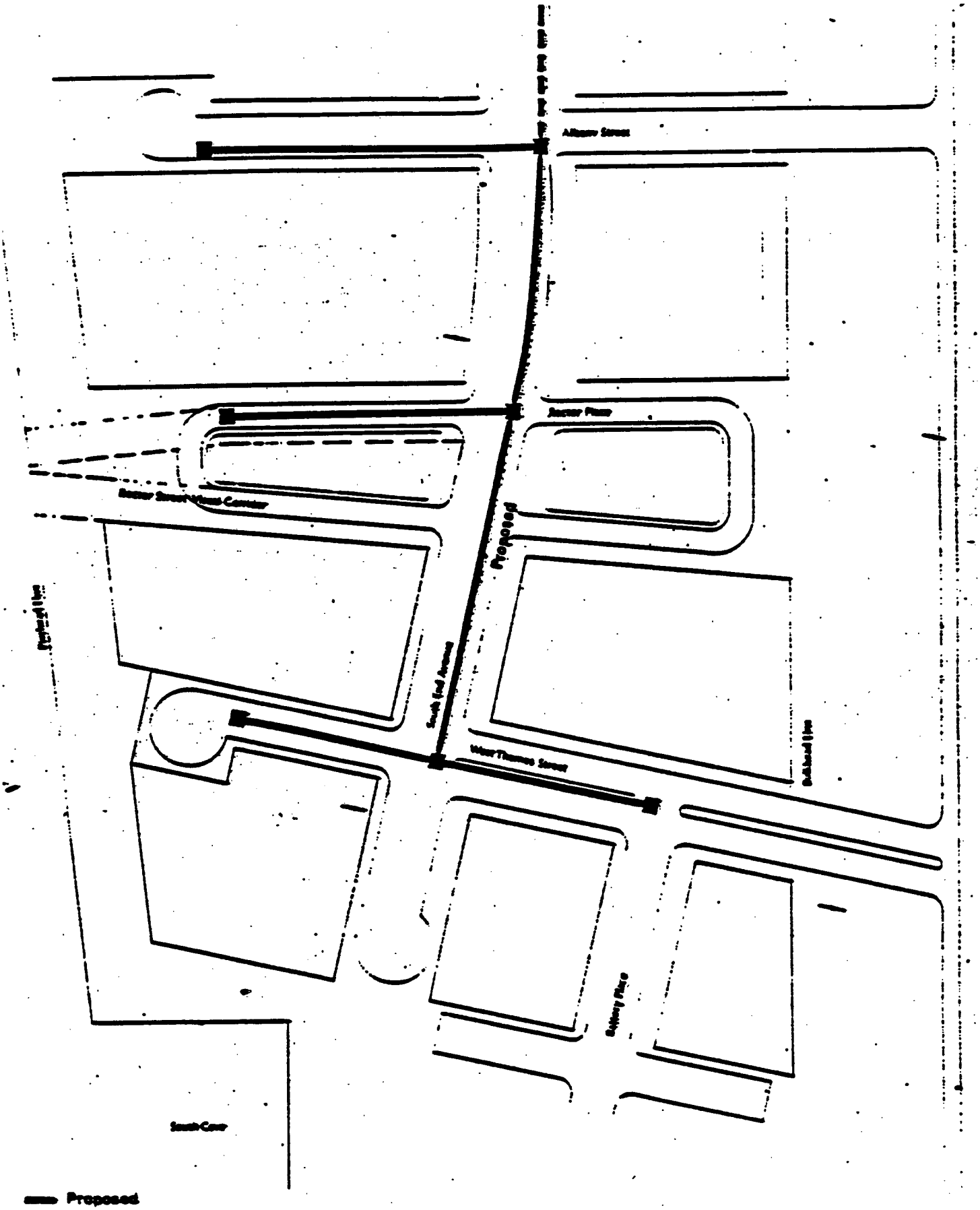
Telephone

The developer will provide a conduit raceway system from telephone company manholes located in the R.O.W. to the building.

Cabling will be provided by the New York Telephone Company.

Gas

The availability of gas service is not guaranteed. The availability of such service will be determined at time of parcel development.

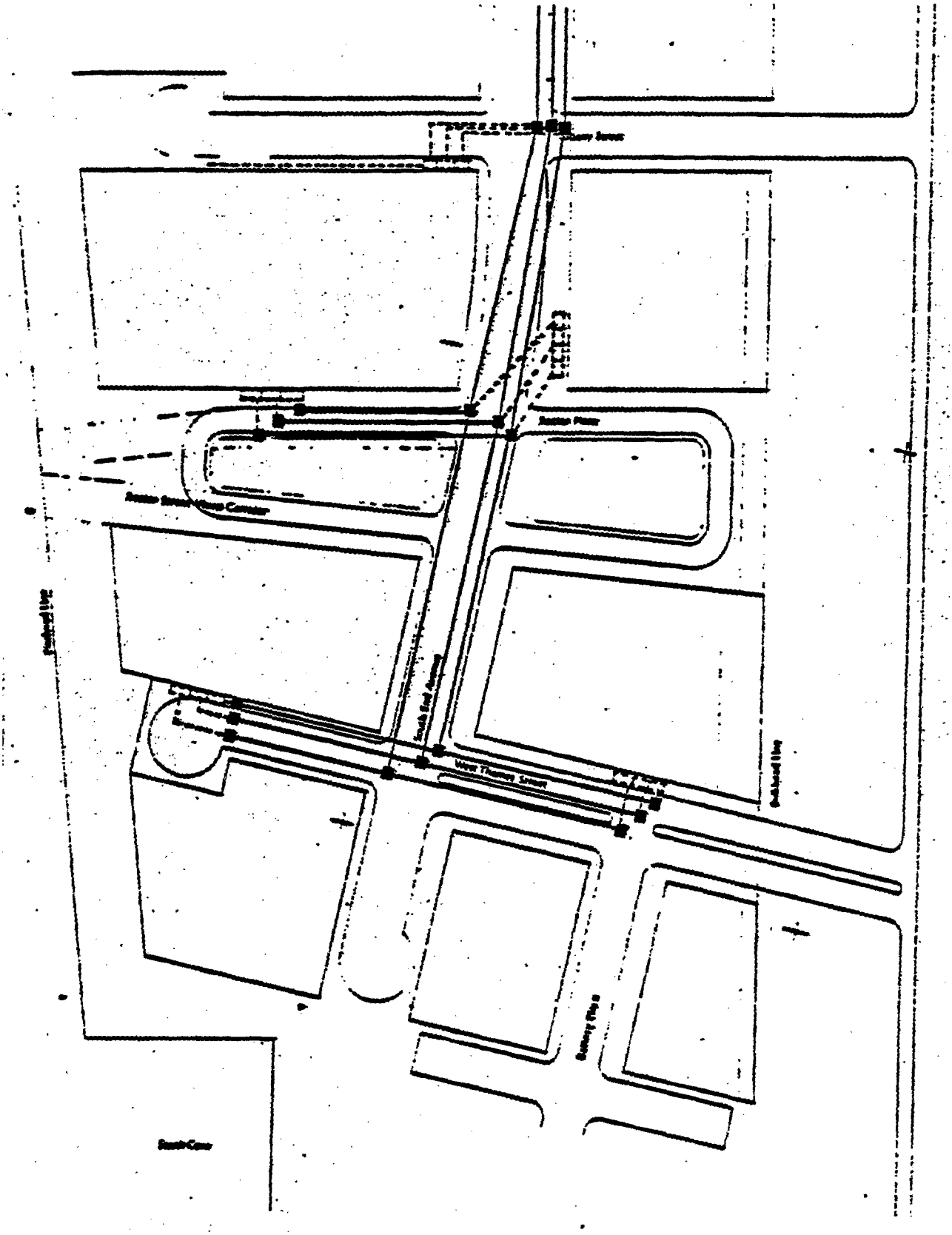


Proposed
Existing

Telephone, Proposed System
Phase II Residential Development

Fig. 17

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Electric, Proposed System
Phase II Residential Development

Fig. 16

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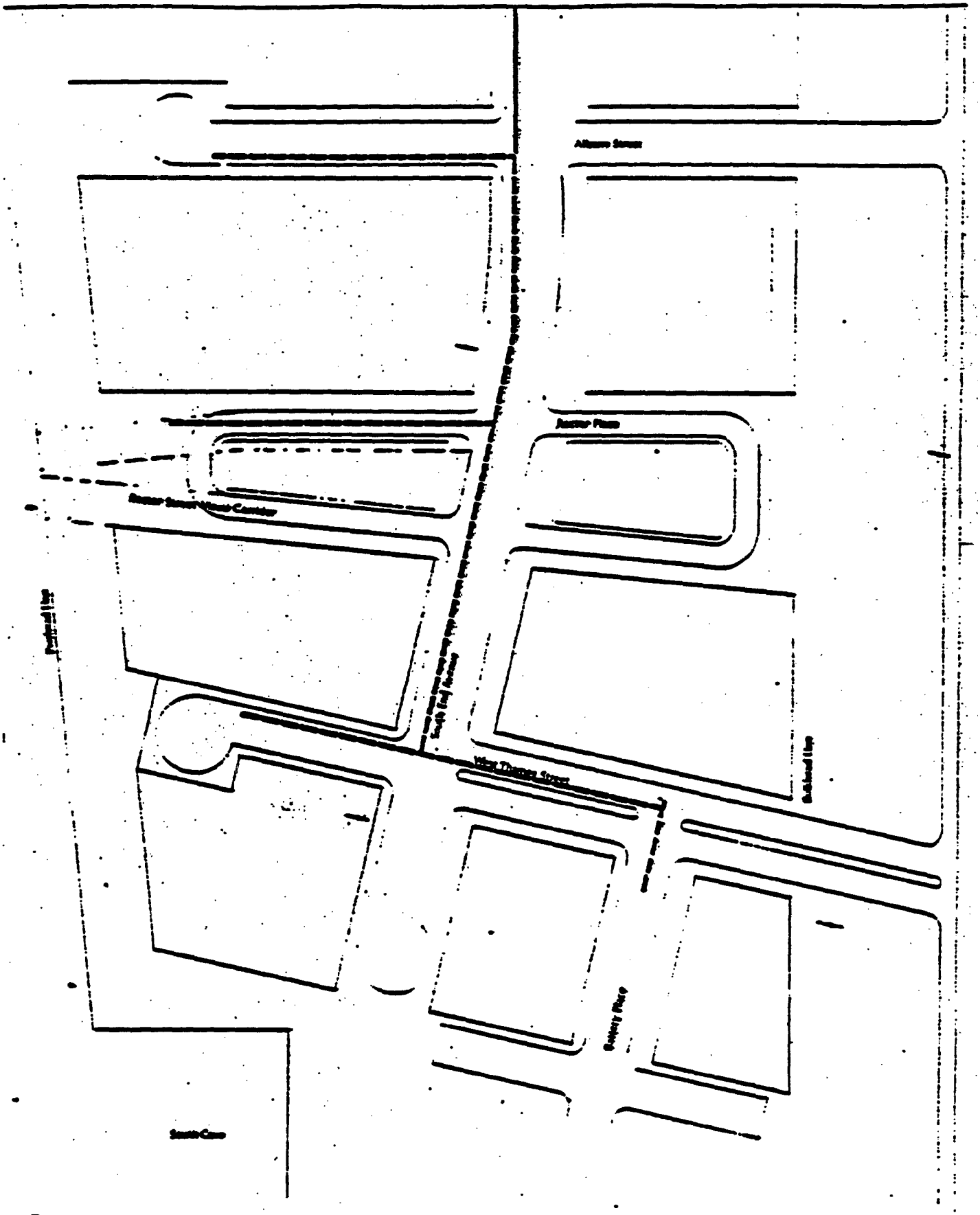
Application for gas service must be made by the developer to the Consolidated Edison Company.

In order to coordinate utility, landscape, and building program components of the site plan, suggested locations for service points for all utilities to individual parcels are outlined on the drawings showing Electric, Telephone and Gas, Proposed Systems (Fig. 17-19).

3.5 Easements & Dedicated Areas

The following subsurface easements will be required, as summarized on Fig. 20:

Parcel A	1)	None
Parcel B	1)	Existing sewer easement - 45 ft. wide located west of West Street property line
Parcel C	1)	None
Parcel D	1)	Existing sewer easement - 25 ft. wide located west of West Street property line
Parcel E	1)	Existing sewer easement - 10 ft. wide located east of west property line
Parcel F	1)	None
Parcel G	1)	None
Parcel H.	1)	None
Parcel I	1)	None
Parcel J	1)	Existing sewer easement - 10 ft. wide located east of west property line

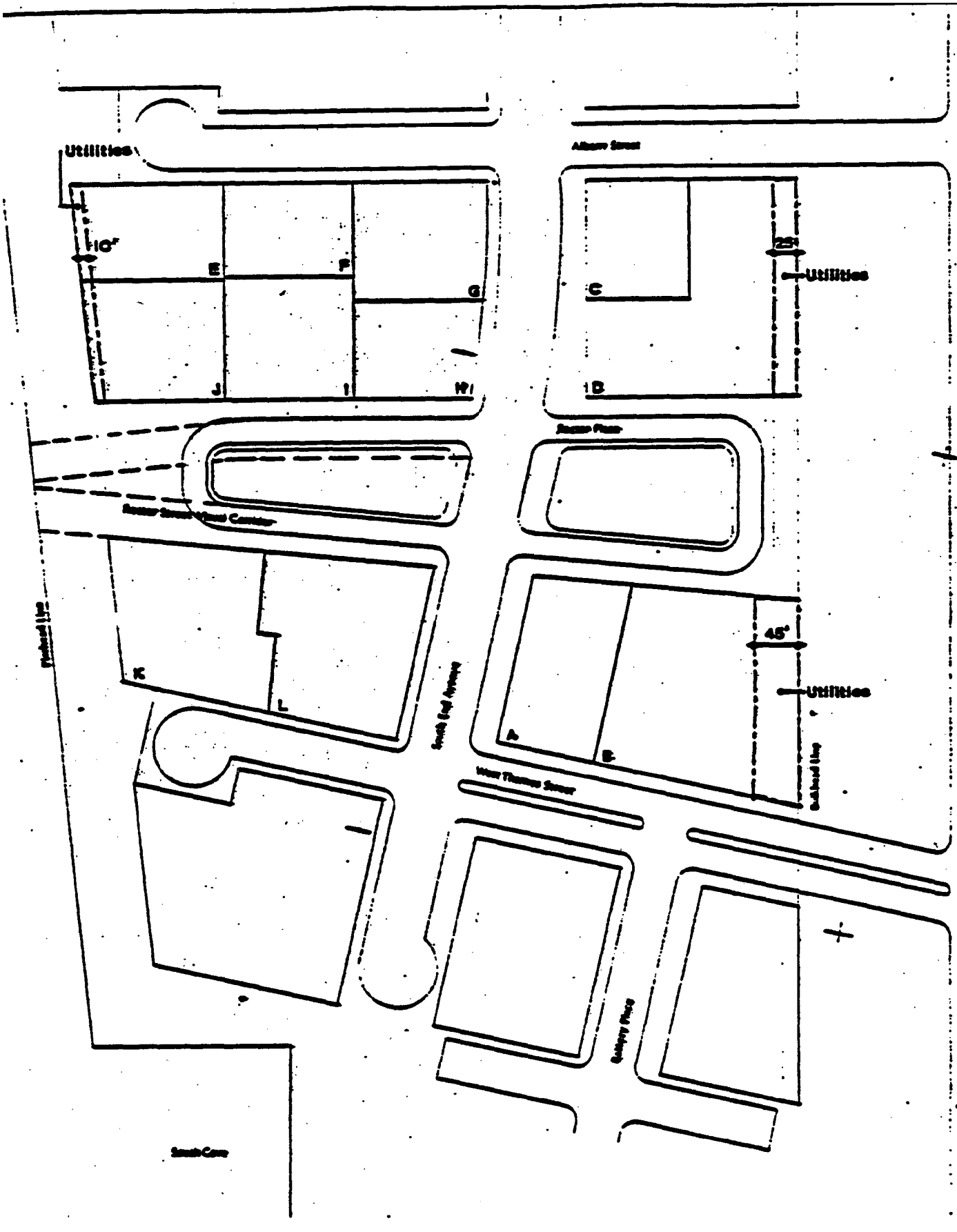


Existing
Proposed

Gas, Proposed System
Phase II Residential Development

Fig. 19

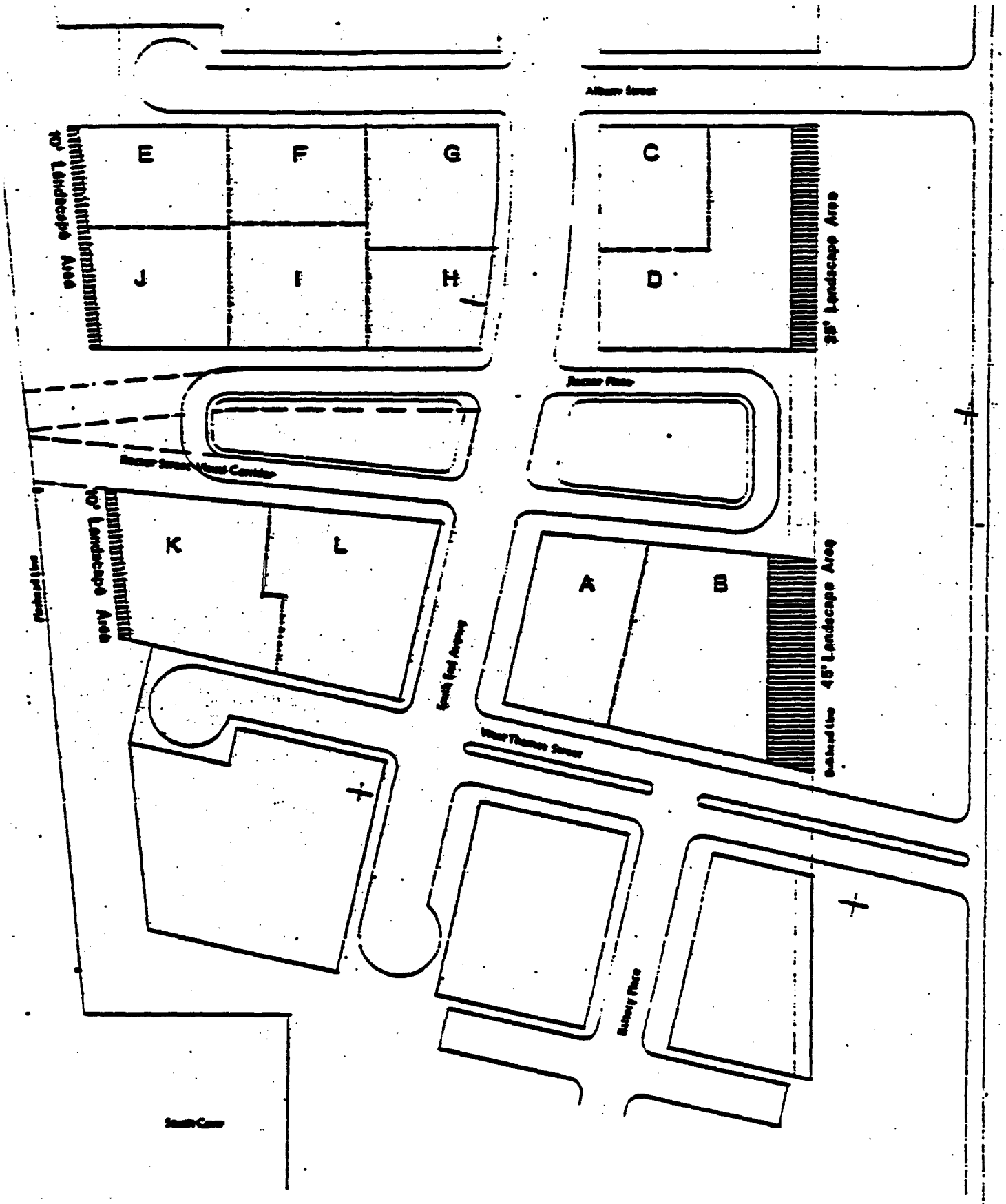
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Easements

Phase II Residential Development

Fig. 20



Landscape Areas
Phase II Residential Development

Fig. 21

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Parcel K 1) None

Parcel L 1) None

The following areas will be constructed and maintained by the developer and dedicated to the uses described below. Construction will be to specifications delivered to the successful bidders. The landscape areas (Fig. 21) next to West Street will include a walk for the public, of specifications to be delivered to the successful bidders. The service street (Fig. 22) in Block 7/8 will be used for parking access for that block's parcels, for through circulation, and for sanitation pick-up.

Parcel A 1) None

Parcel B 1) Landscape Area
- 45 ft. wide located west of West Street property line

Parcel C 1) None

Parcel D 1) Landscape Area
- 25 ft. wide located west of West Street property line

Parcel E 1) Landscape Area
- 10 ft. wide located east of west property line

2) 25 ft. service street area located west of the east property line

Parcel F 1) None

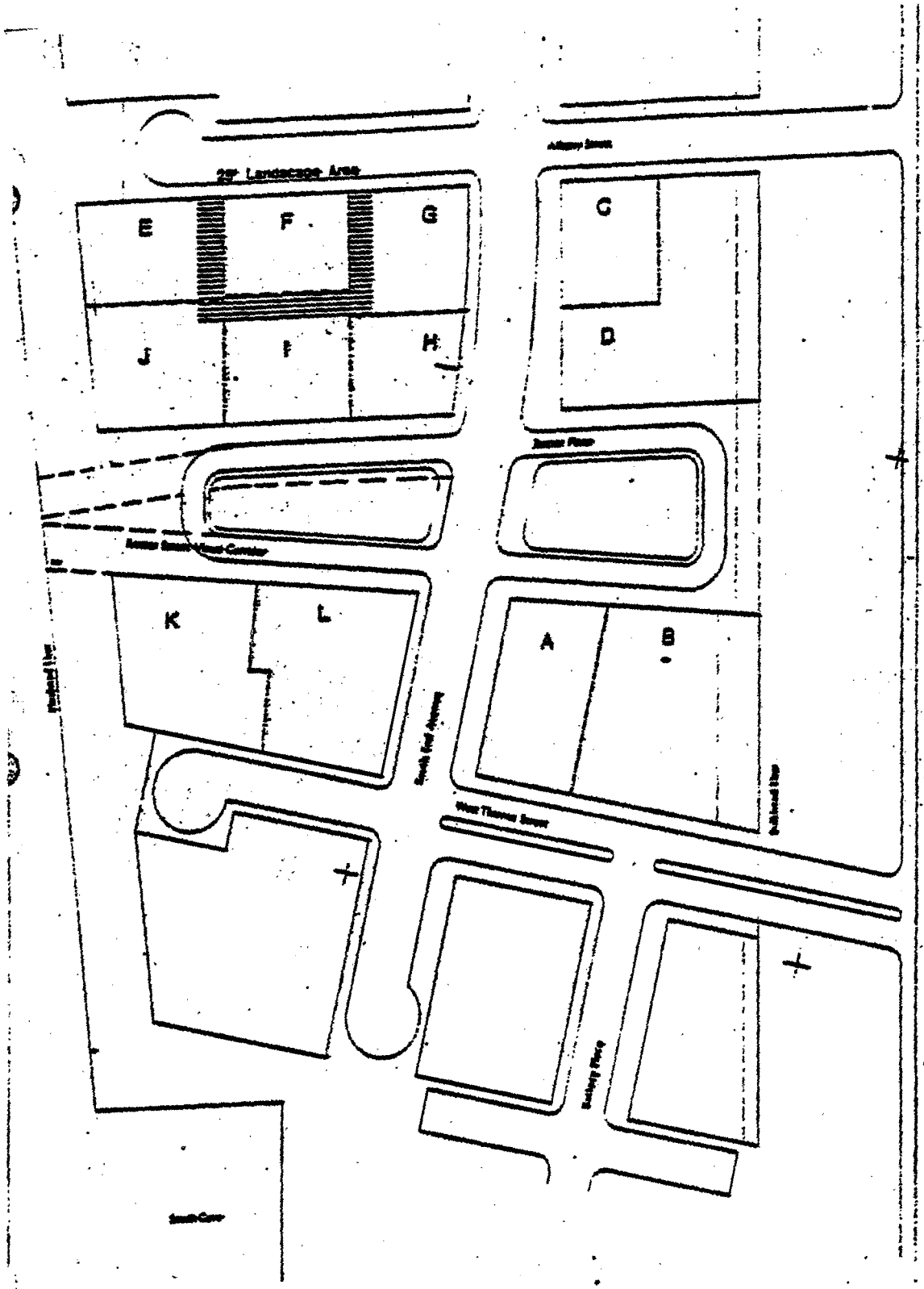
Parcel G 1) 25 ft. service street area located east of the west property line

Parcel H 1) None

Parcel I 1) 25 ft. service street area located south of the north property line

Parcel J 1) Landscape Area
- 10 ft. wide located east of west property line

2) service street area located including the area bounded by the conjunction of north and east property line, from their conjunction to points 25 feet west on the north property line and 22 feet south on the east property line, and the points to the intersections of the extensions of the service street area lines of parcels E and I.



Service Areas
Phase II Residential Development

Fig. 22

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Parcel K 1) Landscape Easement

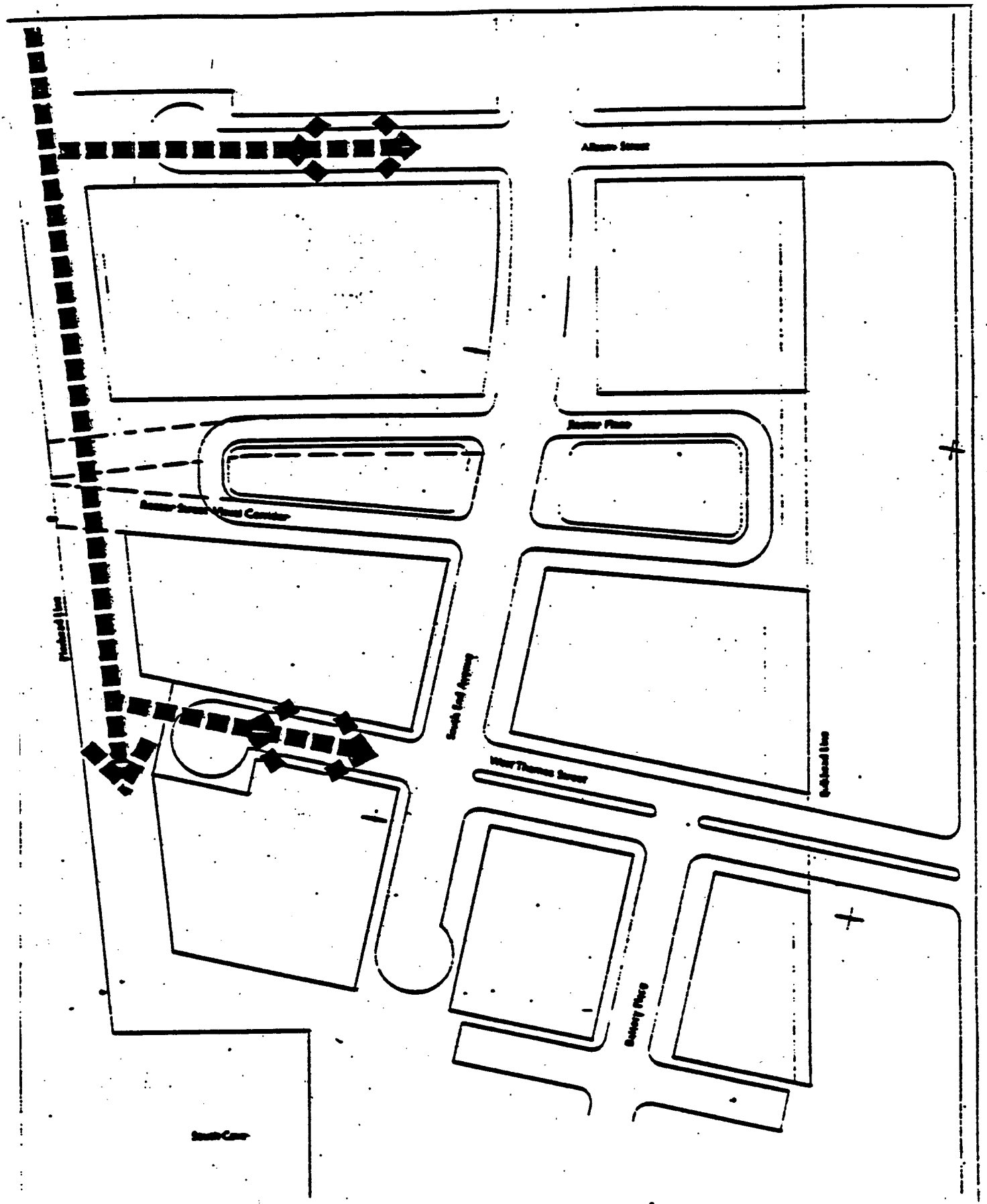
- 10 ft. wide located east of west property line

Parcel L 1) None

3.6 Safety and Security

The open space system of Battery Park City has been conceived and designed in a manner to facilitate ease of access and surveillance by security personnel as well as to be open to normal use by disabled individuals. In addition to the normal access and circulation routes afforded by streets and sidewalks, the lower level of the entire riverside esplanade has been designed as an emergency service drive for fire, police, and ambulance vehicles. Emergency and disabled persons' access to the esplanade will be provided at all major street endings and public open spaces (Fig.23). Access ramps connecting the street ends to the pedestrian plazas and esplanade typically range in slope from three to four percent and thereby, provide regular, convenient, and gentle access for the disabled to all parts of the site. Space has been provided to allow turning radii of 80 feet at every change of alignment. Also, the change of level between the two esplanade levels has been kept to a maximum of three feet to insure that security personnel will have adequate visual contact with each level of the esplanade.

All of the ramps and vertical changes of elevation throughout the project have been incorporated as aesthetic features of the design, often generating particular shapes and patterns which characterize



Emergency Access To Esplanade
Phase II Residential Development

Fig. 22

Battery Park City · 1979 Master Plan
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special places. At Battery Place, Rector Place and North Cove, these access routes have been totally integrated into other elements such as fountains, overlooks, stairs and terraces. In addition to their utility in emergencies, these ramps will aid routine maintenance and housekeeping personnel as they collect trash along the esplanade, service the lights, tend to pruning and the normal repairs associated with a well-maintained environment. Emergency fixtures such as telephones, alarm boxes and hydrants are located throughout the entire pedestrian walk and esplanade network. The walkway pavements will be selected and detailed with appropriate curbs and curb cuts to provide both safety and ease of vehicular and disabled persons' movement.

4.0 CIRCULATION

4.1 Vehicular Circulation

Vehicular circulation within the Phase II Residential Development (Fig. 24) has been planned to accommodate private automobiles, taxis, service vehicles, and buses. South End Avenue is the main vehicular street and retail location for Phase II. Albany Street, Rector Place, and the westernmost block of West Thames Street are residential streets.

a) Parking

A limited amount of on-street parking is provided. In addition, developers may build above grade parking spaces into their buildings as located by parcel in 7.0, Program and Conditions by Parcel. Below-grade spaces may also be built on-site so that the total number of spaces does not exceed that allowed by zoning. Above-grade parking structures are set back from South End Avenue and the side streets by 10 to 50 feet. A drop-off lane in Rector Place has been included in the street design for short-term convenience.

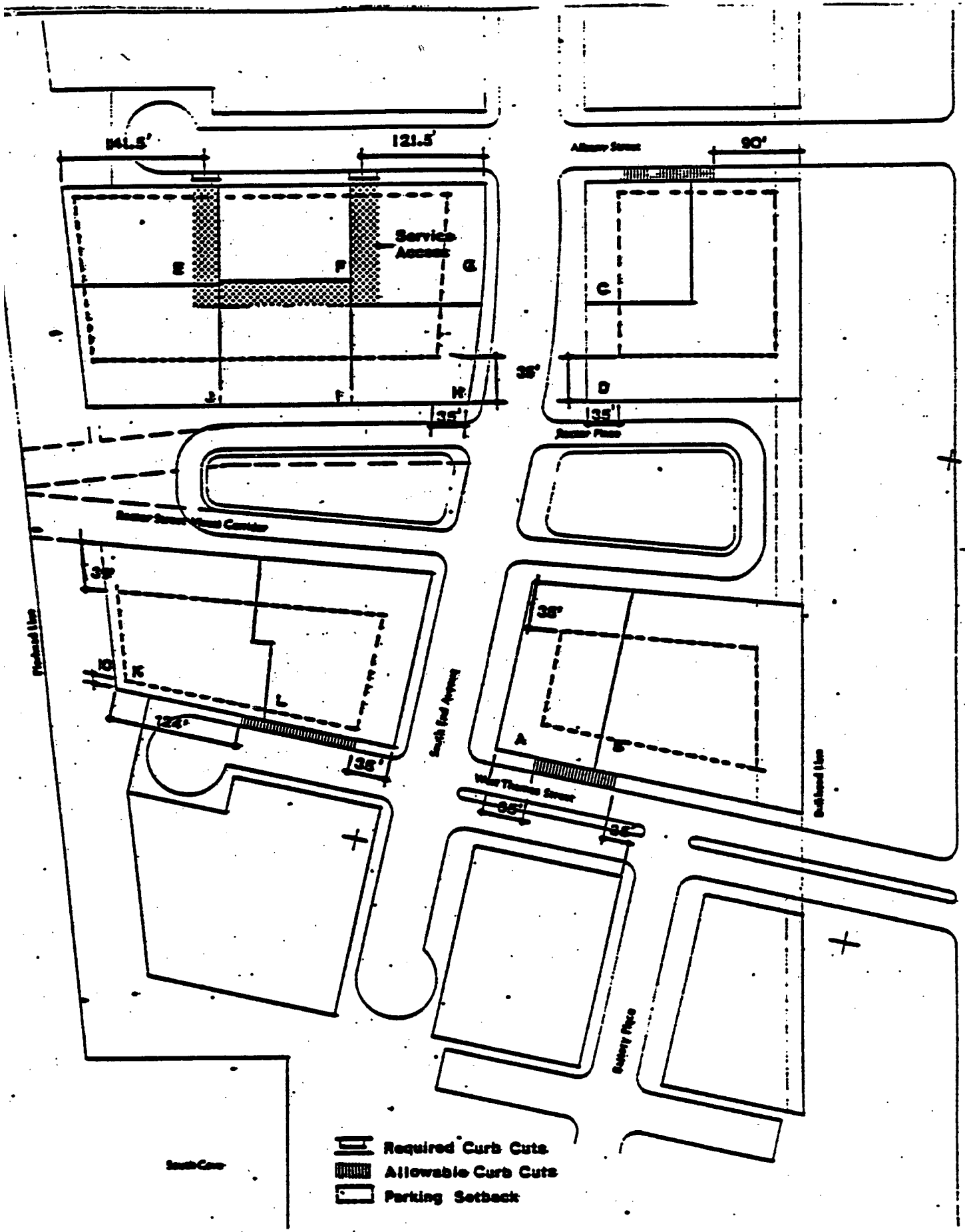
b) Service Areas

Curb cuts are prescribed within certain zones and should be minimized or shared wherever possible.

(1) No service areas or parking entrances will be allowed within 124' of the public esplanade.

(2) No curb cuts will be allowed within 50 feet of a major street intersection.

(3) No service/parking entry areas should be more than 40 feet in length along a building frontage.



Vehicle Access: Parking & Service

Phase II Residential Development

Fig. 24

Battery Park City · 1979 Master Plan

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(4) Buildings should be serviced by off-street loading docks where possible or required by zoning.

(5) No curb cuts are permitted on Rector Place.

(6) No curb cuts intrude into the cul-de-sac at Albany Street or West Thames Street.

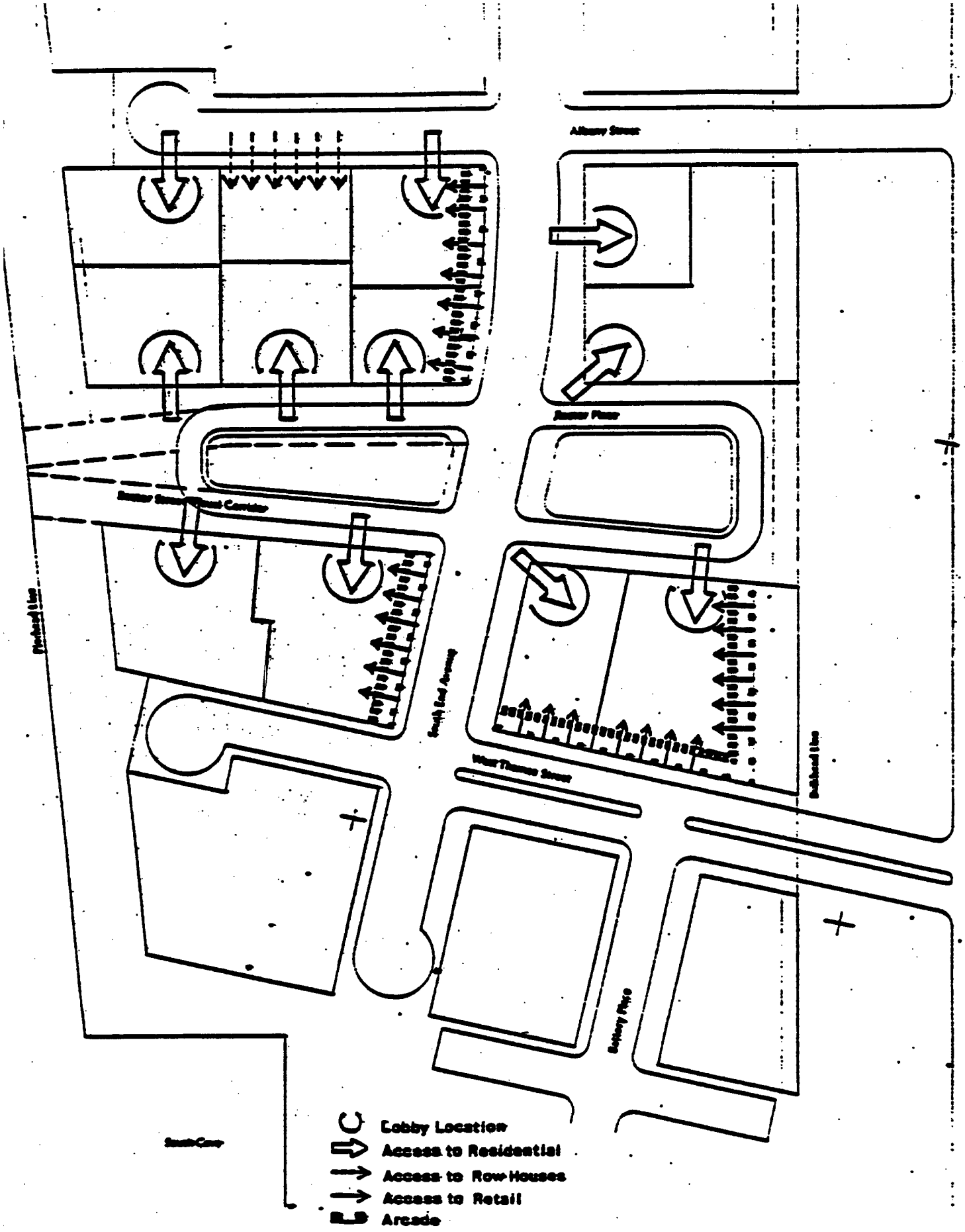
(7) All off-street parking, service, and sanitation is from east-west streets other than those surrounding Rector Park.

c) Each development, except parcel F, shall include a sanitation storage room of size sufficient for that development, to ensure that garbage is stored offstreet. Such room shall be directly and conveniently accessible to a curb cut or, in Block 7/8, the service street.

4.2 Pedestrian Circulation

Pedestrian circulation in the Phase II Residential Development is enhanced by wide sidewalks, arcades, and the location of lobbies to secure and enliven key places.

Lobbies are focused away from vehicular traffic. It is intended that many will be on Rector Place, and other at the Albany Street cul-de-sac and entrance to the Esplanade. (Fig. 25) Arcades widen the sidewalk, provide weather protection and access to retail and commercial, and serve to unify signage in the South Residential area.



Pedestrian Access

Phase II Residential Development

Fig. 28

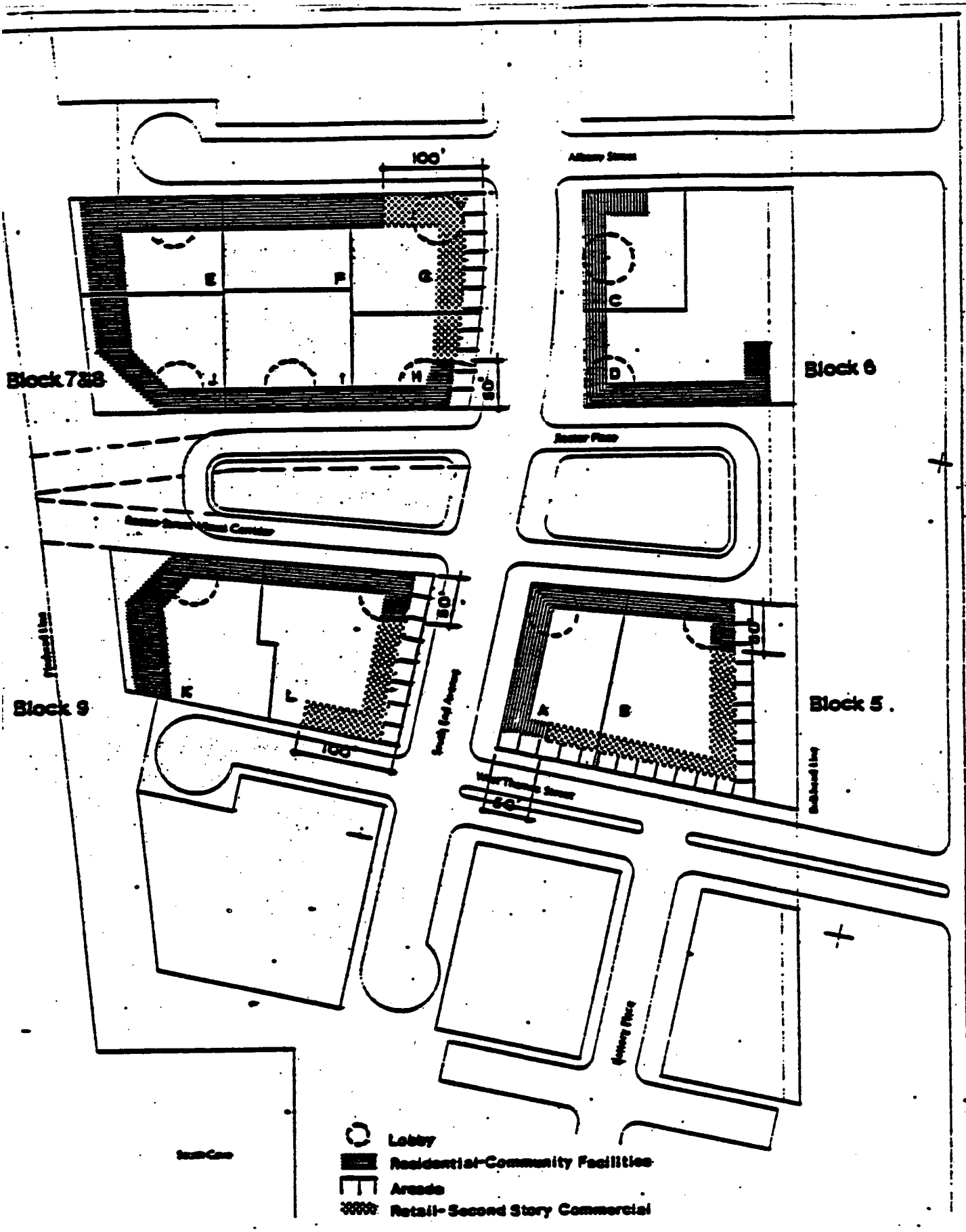
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Ground Level Land Use (Figure 26)

A variety of land uses is planned for the ground floor. Retail and commercial land use is planned in conjunction with the arcades, but not within 50 feet of Rector Place. The ground floor of Rector Place is to be exclusively residential in character. Professional medical offices are preferred over ground floor apartments, particularly for the frontages around Rector Place.

Lobbies are encouraged at the corner of blocks to provide extra activity and surveillance on the streets and parks. Land not utilized for buildings is to be developed as landscaped open space for generally passive outdoor activities.



Ground Level Land Use
Phase II Residential Development

Fig. 28

Battery Park City · 1979 Master Plan
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5.0 BULK

5.1 Design Purpose of Bulk Controls

As noted earlier, the South Residential Area is intended to emphasize the qualities of New York's most successful residential addresses. Accordingly, the emphasis in distributing bulk is on the pedestrian environment, a replication of New York streetscapes, and the use of familiar residential building types and forms.

5.2 Density

Phase II development is governed by zoning lot merger. Maximum floor area that may be built is listed by parcel in 7.0, Program and Guidelines by Parcel. For marketing purposes, all apartments of 650 square feet or less floor area shall be deemed studios; those more than 650 square feet but less than 900 square feet floor area shall be deemed one-bedroom units; those 900 square feet or more but less than 1,100 square feet floor area shall be deemed two-bedroom units; and those 1,100 square feet or more but less than 1,300 square feet floor area shall be deemed three-bedroom units.

5.3 Coverage

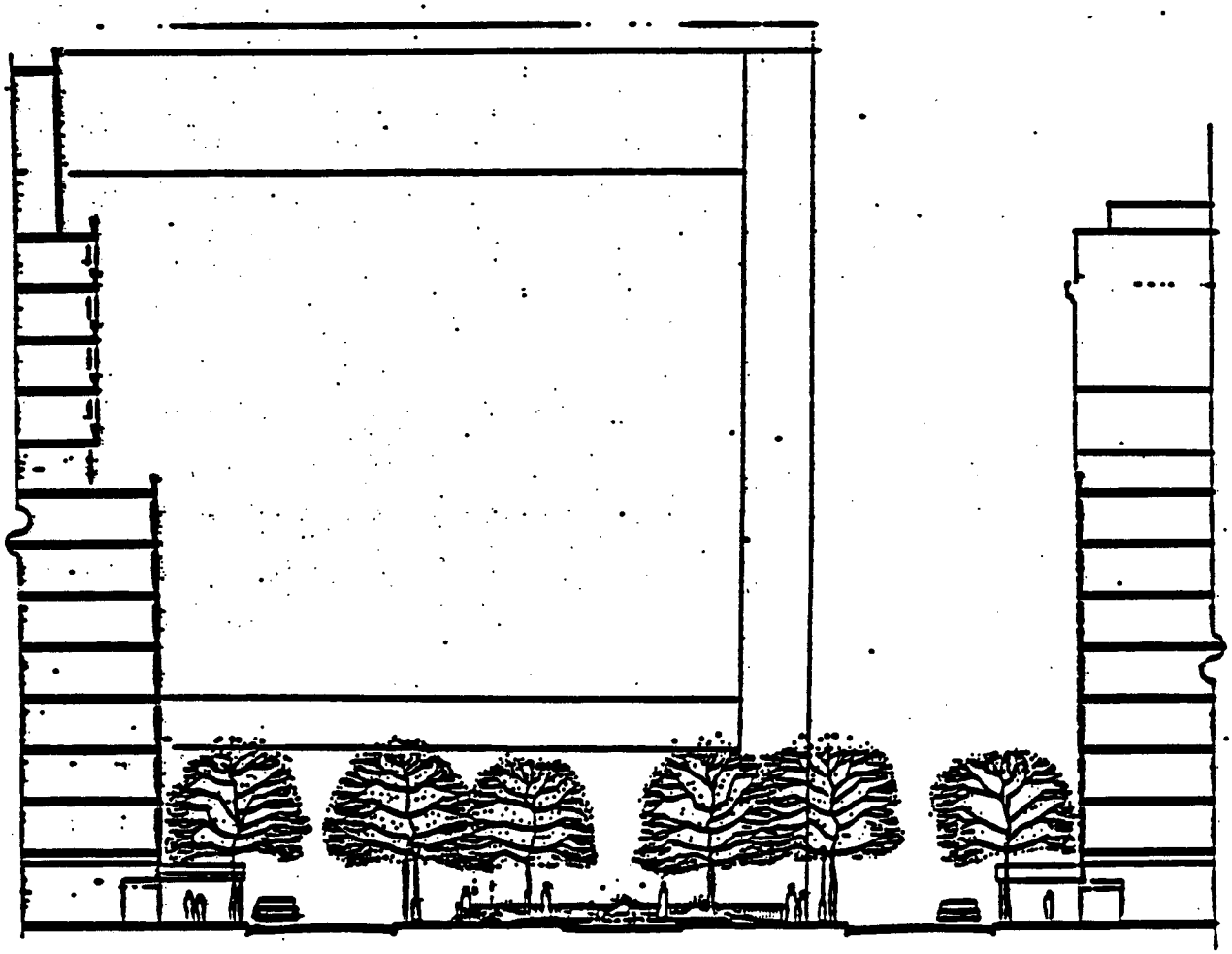
Due to the requirement for street walls and the provision of more than adequate open spaces in the street and park system, there are no open space requirements and no coverage requirements similar to those in the current R10 zoning.

5.4 Street Walls

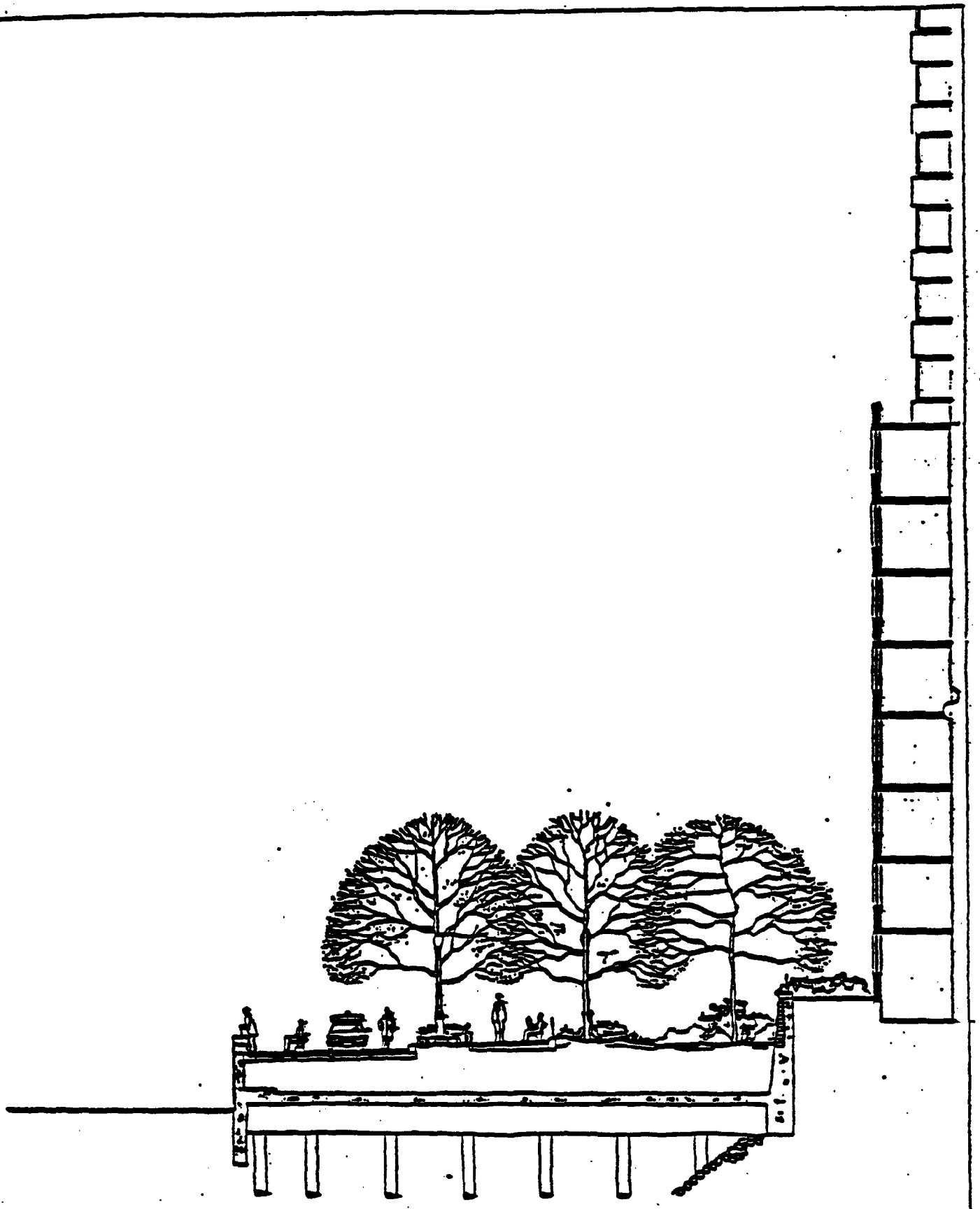
Unifying separate developments and relating buildings to the streets and parks they face is achieved primarily by street walls. Street walls are the most important tool for preventing any one building from dominating others. The sections on the following pages (Fig. 27-29) illustrate how the street wall architecture is applied to South End Avenue, Rector Place, and the Esplanade. The walls provide a continuity to the streets and, at the same time, allow decorative touches and modest changes within and on the wall that guarantee individual expression and distinction to each building. The ground floors and entrances of these buildings are not uniform but specifically varied; in each case, one of a kind. They co-exist because there is no radical change in the buildings' mass.

Typically, the lower floors are decorated with a stone base that varies from one to three stories high. The stone base provides continuity, a human scale, and also decorates and dignifies the street where people are walking. For these same reasons, a stone base is required on the front property walls in Phase II.

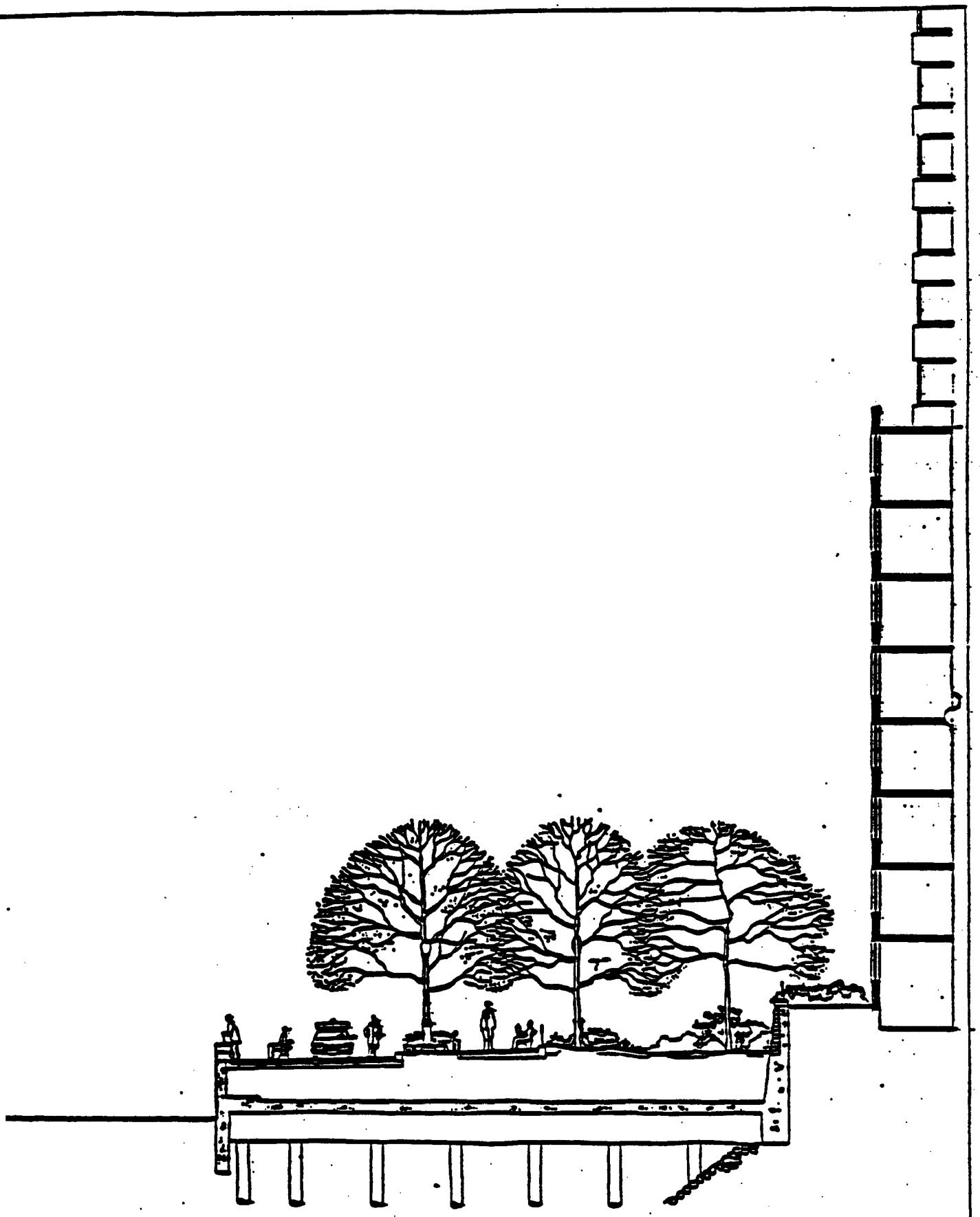
Above the ground floors the walls are relatively simple with intermediate running bond courses of stone to reduce the scale of the street wall by suggesting heights of lower buildings on the adjacent side streets. This same approach is desired on front walls in the Phase II Residential Development.



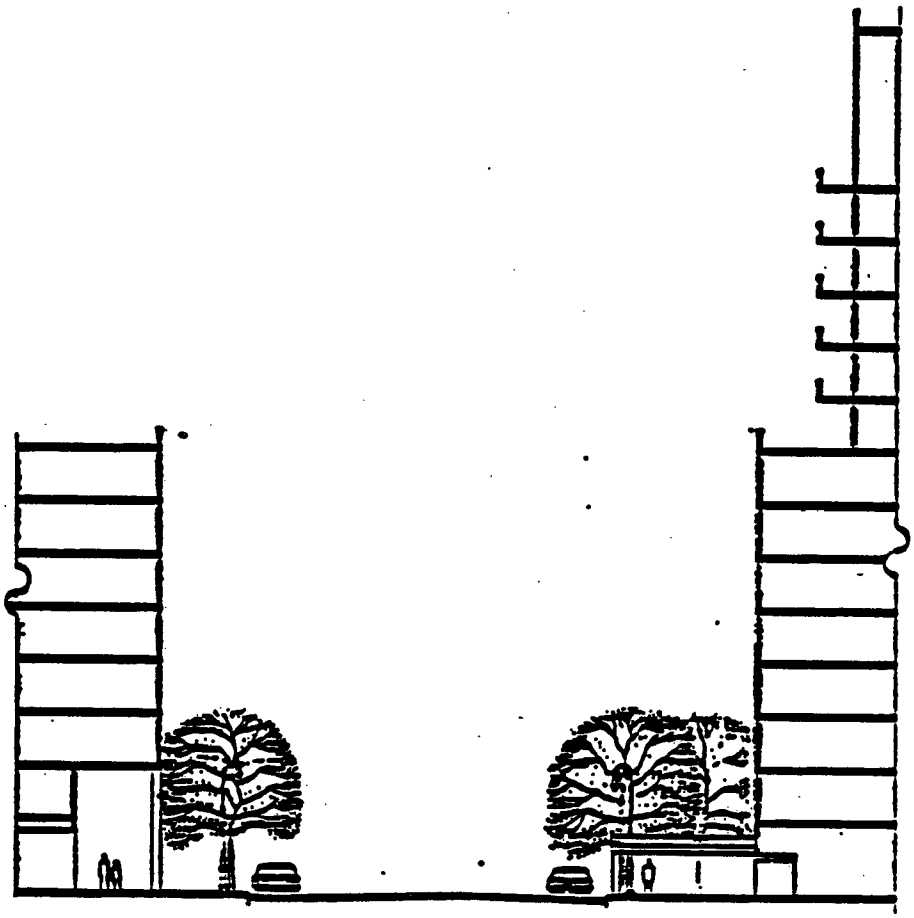
Section Through Rector Place
Phase II Residential Development
Fig. 27



Section Through Esplanade
Phase II Residential Development
Fig. 28



Section Through Esplanade
Phase II Residential Development
Fig. 28



Section Through South End Ave
Phase II Residential Development

Fig. 29

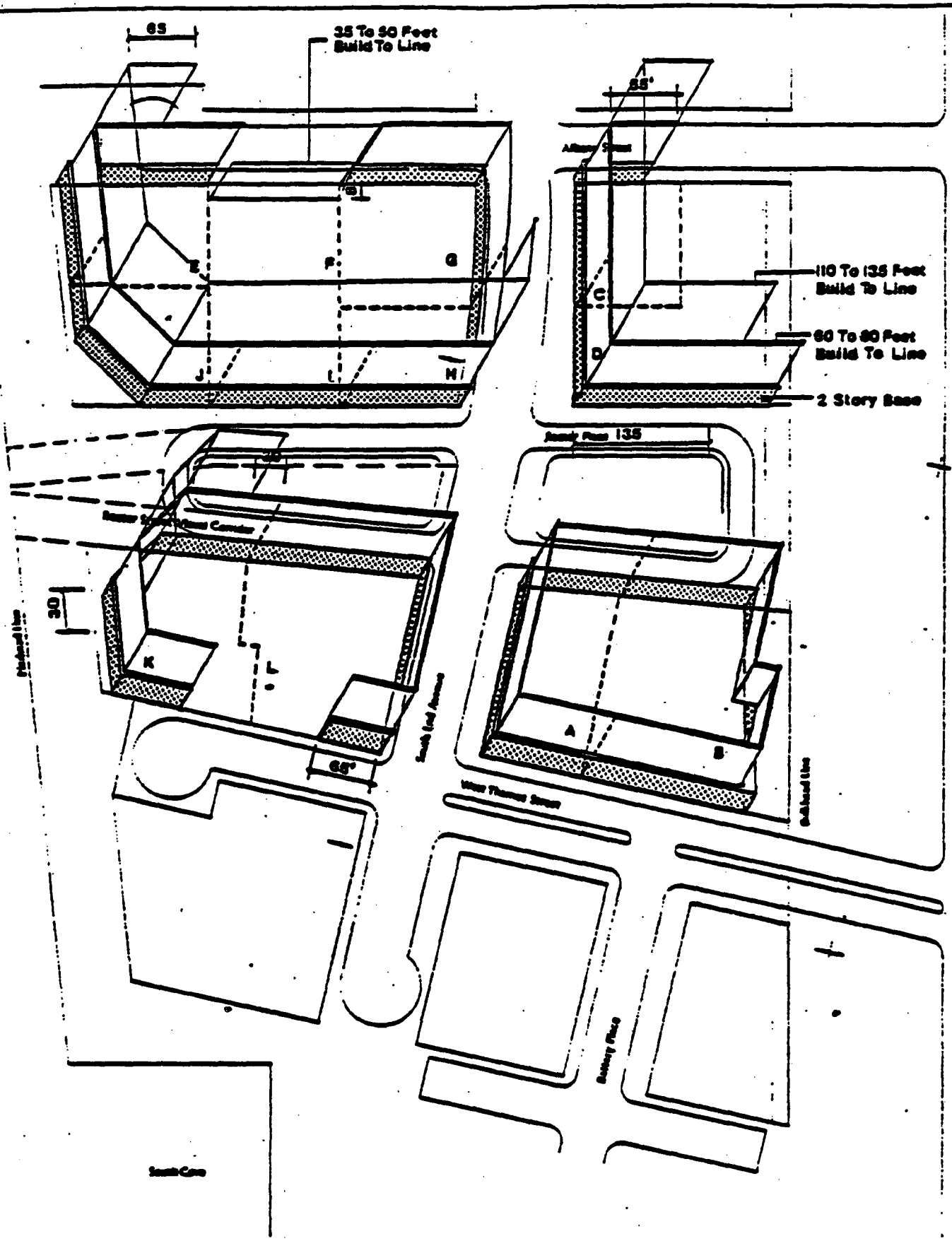
The most opportunity for individual expression — major recesses, balconies and setbacks — is on the upper floors, roof tops, and bulk heads. The changes would not be generally noticed except from longer views, particularly from the waterfront. A varied and highly sculptured skyline seen from the water would be a significant addition to Battery Park City's image and appropriately consistent with the current skyline of Lower Manhattan.

Above the basic 60 to 80' height level set for most parcels in Phase II, there should be, on taller buildings, architectural changes and features that emphasize that 60 to 80' height. On towers, both the 60 to 80' height and the 110 to 135' height should be defined.

In addition to those specified in the zoning, other 60 to 80' street walls have been required in these guidelines, along the Esplanade, West Thames Street, and Albany Street, to maintain a low scale and shape public spaces. These walls are summarized in Figure 30 .

Boundaries

The Authority is concerned with avoiding conflicts between adjacent buildings and minimizing the contrasts between individual architectural solutions. Where the heights of buildings change, the lower building height is to be continued for 30 feet into the adjacent property, helping to ensure a level



Required
Street Wall

Phase II Residential Development

Fig. 20

Battery Park City · 1979 Master Plan

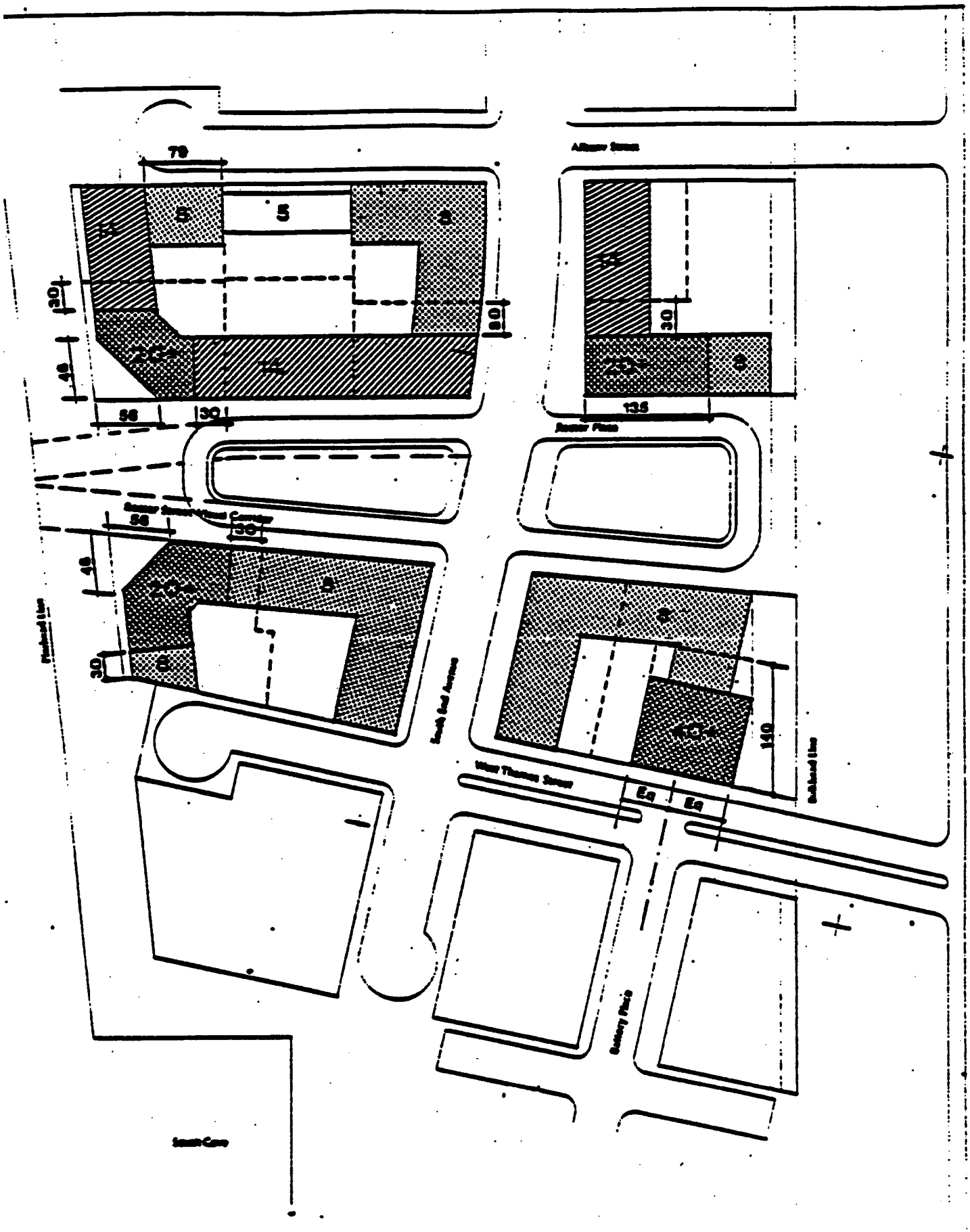
Cooper, Eckstut Associates

of continuity and at the same time allowing legal windows to be incorporated in the higher wall. This will avoid blank party walls that typically occur between separate parcels with buildings of varying heights. These 30-foot zones are shown in Figure 31.

To minimize the contrasts between two separate parcels, the design should avoid or at least pay special attention to the boundary shared with another developer. Architectural features, such as balconies that may exaggerate the change are discouraged at boundary lines but encouraged elsewhere. Other architectural concerns at the boundary lines between parcels such as the stone base, and the choice of materials, and colors, particularly on the lower floors, contribute to how well adjacent structures relate to each other.

5.5 Building Heights

Maximum height controls are used to keep the buildings as low as possible, concentrate bulk in strategic locations, and relate the heights of street walls to the types of spaces they front. The maximum heights are illustrated in Figure 31.



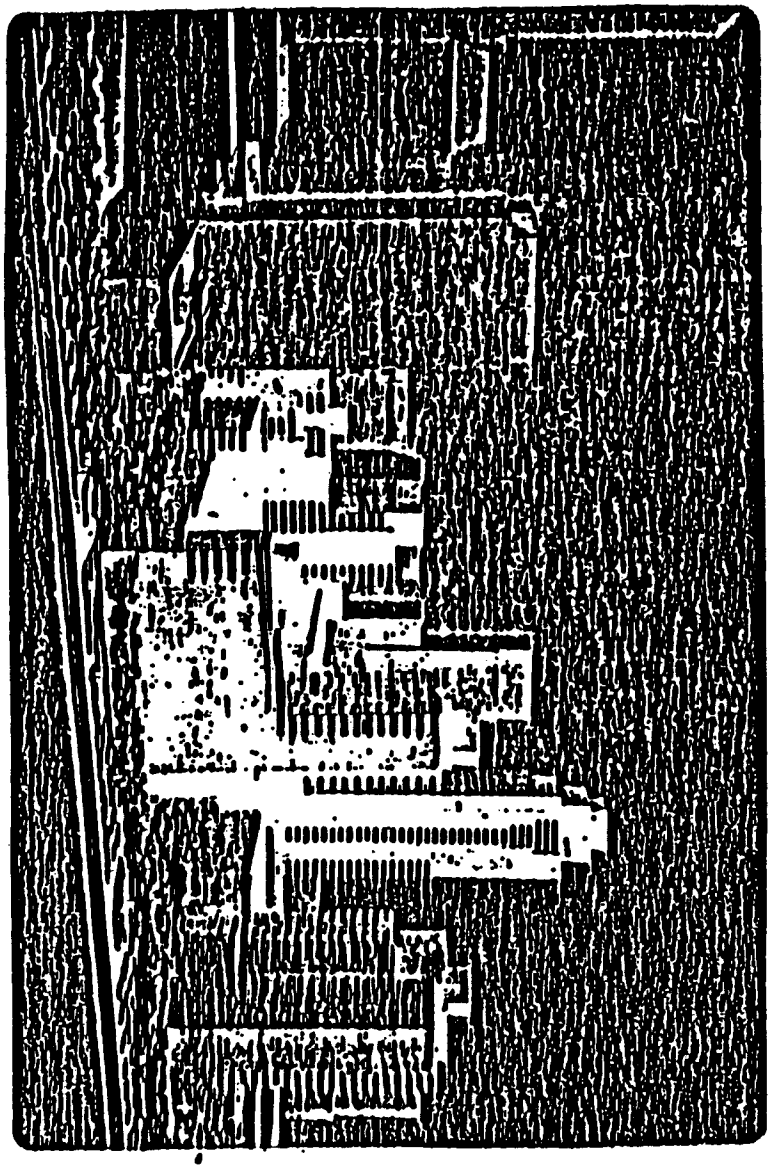
Maximum Building Heights
Phase II Residential Development

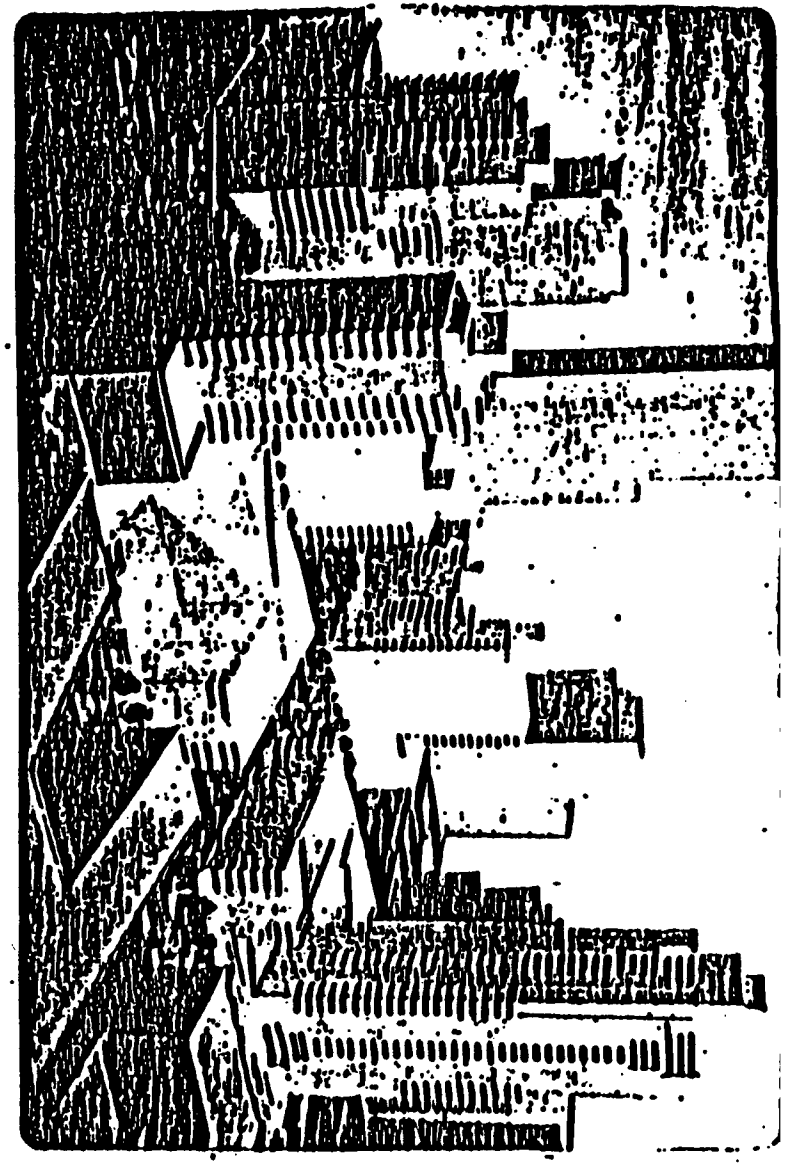
Fig. 31

Battery Park City · 1979 Master Plan
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Maximum Building Height

No. of Stories	Height Range (Feet)
5	40-55
8	60-80
12	100-120
14	110-135
20	180' minimum
40	400

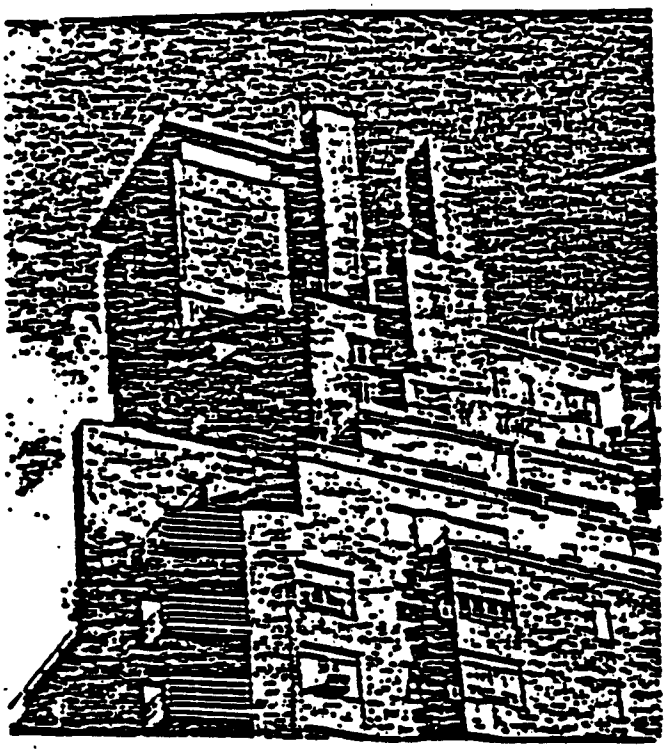


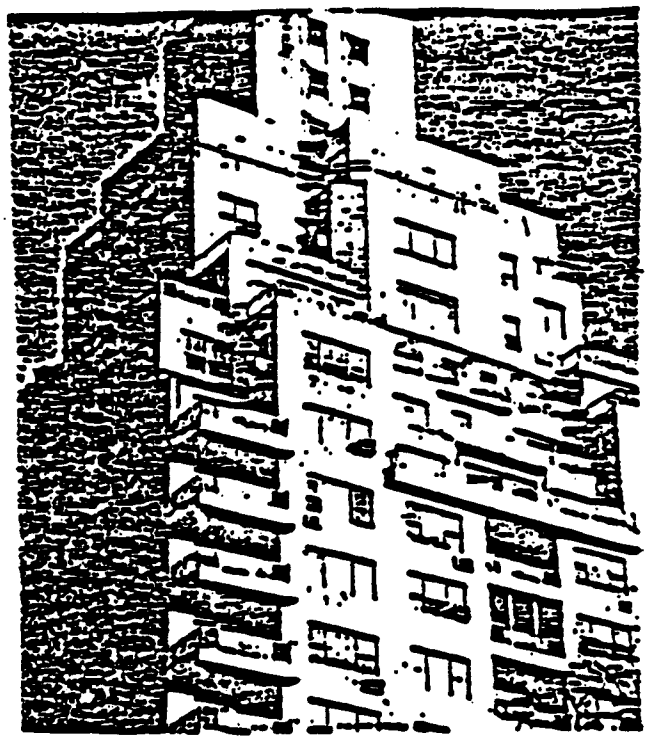


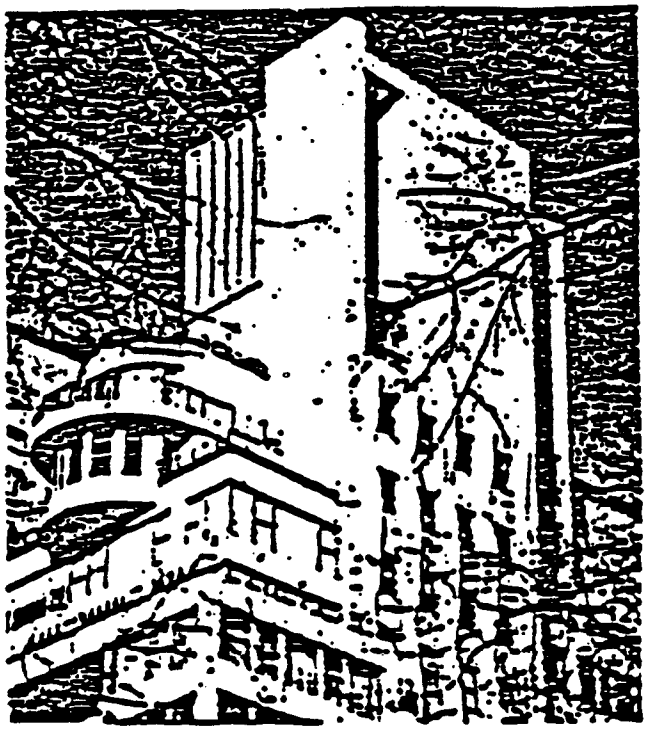
Towers are confined to the intersection of the esplanade and Rector Place and to the southern portion of Block 5, where the tower serves as the terminus of Battery Place. These are the most prominent and visible locations in Phase II.

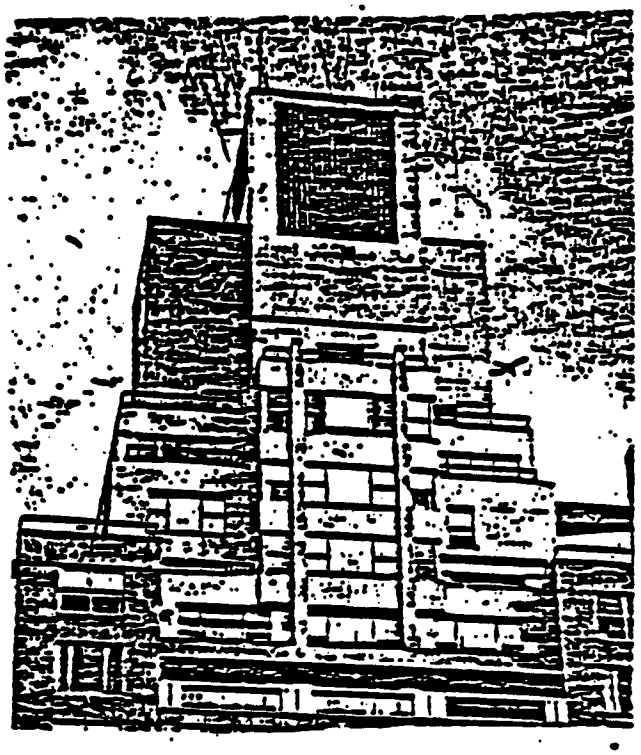
The configuration of the two high-rise buildings at the western edge of Rector Place are related in order to give special emphasis to the meeting of the esplanade and the park. Both buildings are developed to the approximate same height and are setback at the same angle to help dramatize the sense of a gateway to the water. The tower on Block 5 is to be designed on the axis of the avenue and will influence the design character of future towers to the south.

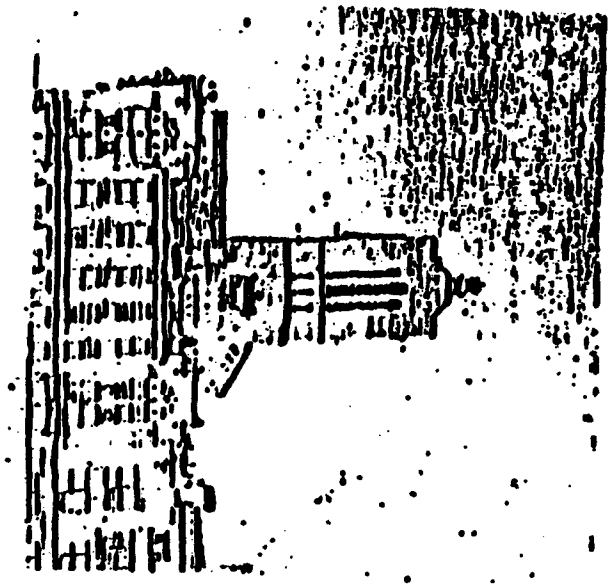
The tallest buildings will dominate the skyline and should, therefore, have their roof tops and upper floors consciously designed to create a special and interesting effect. The bulkheads will be particularly high and an important part of the building's appearance. They should, therefore, be integrated into the design of the exterior treatment. The use of the same materials and decorative style of the front walls should be considered for the bulkhead. In addition, terraces and setbacks stepping up to the bulkhead are preferred. On the following pages are examples of how this problem has been successfully handled in the past.

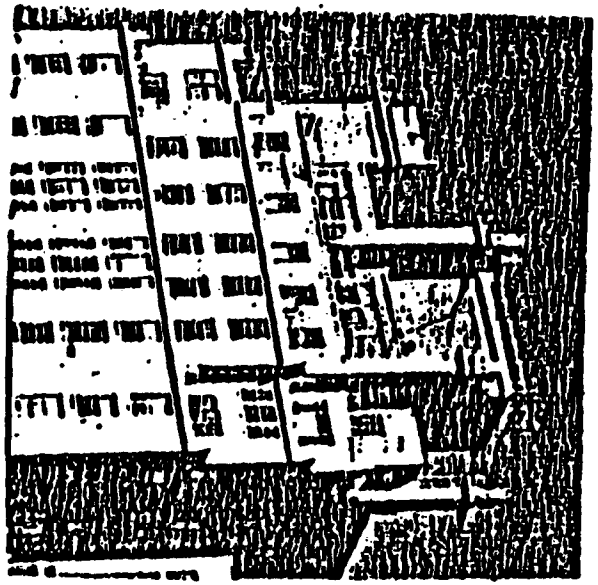




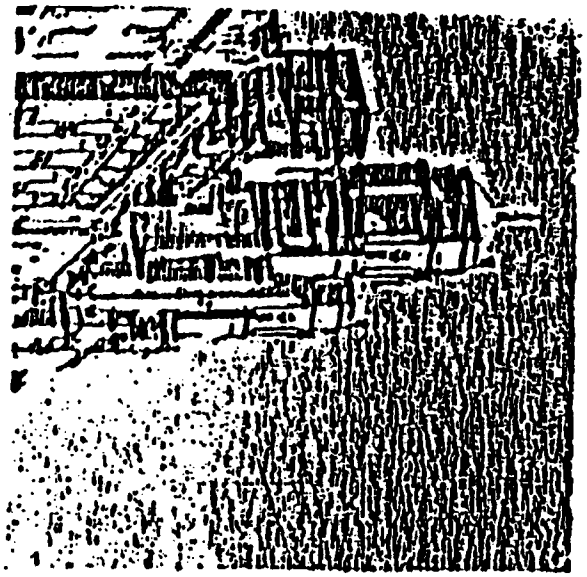


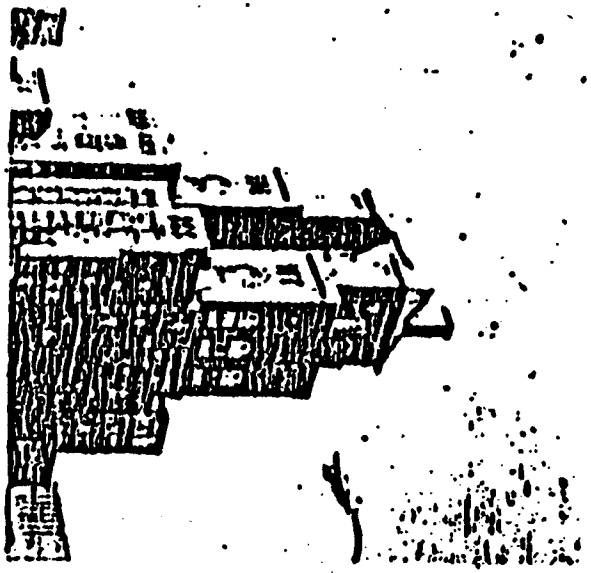


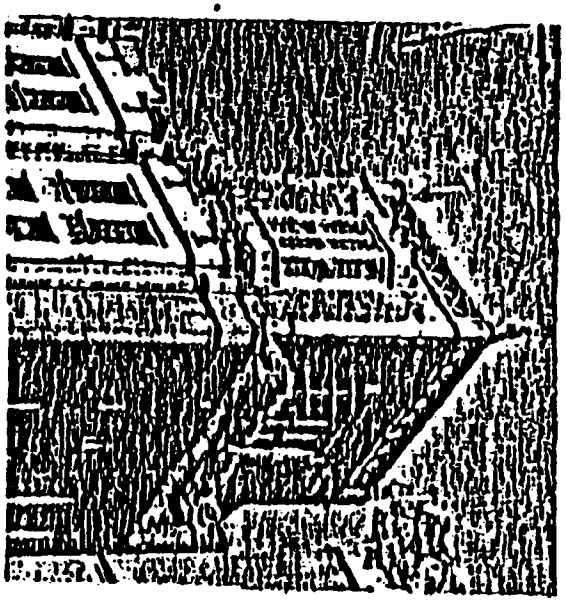












6.0 ARCHITECTURAL ELEMENTS

Signage

a) Signage is to be kept to an absolute minimum. No signs are to be projected out from the face of the building.

b) Retail shops can only have signs in the arcade and not on the outside face.

c) No signs for parking garages are allowed since they are only for the convenience of the tenants.

Lighting

The Authority will cause to be provided the necessary lighting for streets and parks. The present plan is to use the type of lamp found in New York City parks. Additional lighting is not encouraged, except to highlight and illuminate the building entrance. Such lighting must be compatible with the street and park lighting.

Exhausts

In addition to the requirements of the zoning, no exhaust vents are allowed on any street or front wall, or in the arcades.

Balconies

Balconies are encouraged to take advantage of the views and waterfront setting. In order that they not dominate the street walls, they are discouraged below the 6th story. Such balconies shall not be less than 75 sq. ft. with a minimum dimension of 6'. At least 40% of its perimeter shall be contained by the exterior walls of the building. The walls adjoining the dwelling unit shall be 50% glazed. Balconies are excluded from the floor area calculations.

Projections

Projections are to meet the City's Building Code. Canopies at the building entrance are to be relatively modest and unobtrusive, and canvas canopies are preferred.

Materials and Colors

Materials and colors are to be used to minimize differences from adjacent and opposite parcels. A two-story stone base is required on all building frontages to maintain continuity. This stone base is to be designed with respect to the scale of pedestrians walking alongside it. Other than stone, the preferred material above the base is brick. The preferred colors are neutral and warm earth tones in order to easily blend in with each other. Curtain wall (metal and glass) buildings are discouraged. All-concrete buildings are discouraged.

Unique colors and materials are desired for decorative purposes where people walk, such as lobby entrances, as well as on the roof tops where they can be enjoyed from a distance.

Incremental Heating and Cooling Units

In order to minimize contrasts on a building facade and thereby bring special attention to any one building, incremental heating and cooling units should be designed to blend into the exterior wall, so as to minimize their appearance.

Landscaped Roofs

The landscaping of rooftops over parking, retail, and commercial uses is required. This will provide a passive outdoor space for use by the tenants as well as a pleasant view from apartment windows above. Some coordination of these rooftops may be necessary where separate parcels abut each other. The major criteria for reviewing the designs of these roofs is the extent of planting and the ability of the plant material to survive and prosper.

Arcades

Arcades are located on the west side of the Avenues and on the south and east sides of Block 5. Figure 32 sets required dimensions and column spacings.

Height of arcade will be taken from the median grade of that particular block at the curb line.

Esplanade Wall

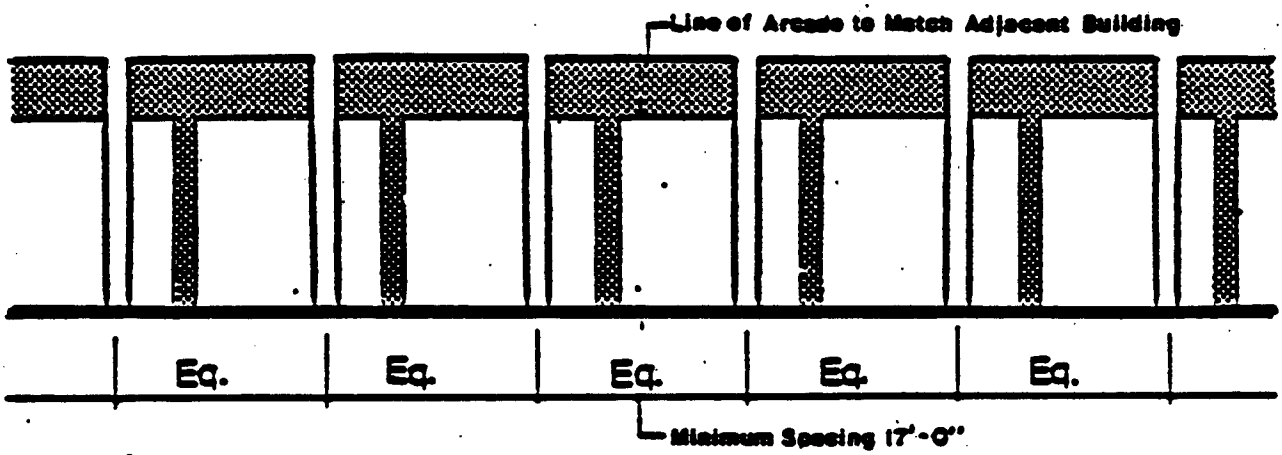
Parcels fronting on the esplanade are required to provide for and build a wall along the upland side of the esplanade. Current design call for concrete wall with a limestone face on the park side and a granite base and cap. The top of the wall is at elevation 16'-6". Its face is typically at the property line and it is built on the private property within the required 10-foot dedicated landscape area. It can, and may in certain situations, be required to be incorporated in the design of the building wall. The wall is continuous and runs along the length of the entire landfill. The wall is currently being engineered and designed. The locations, details, dimensions, and specifications will be provided to the successful bidders. (Fig. 33)

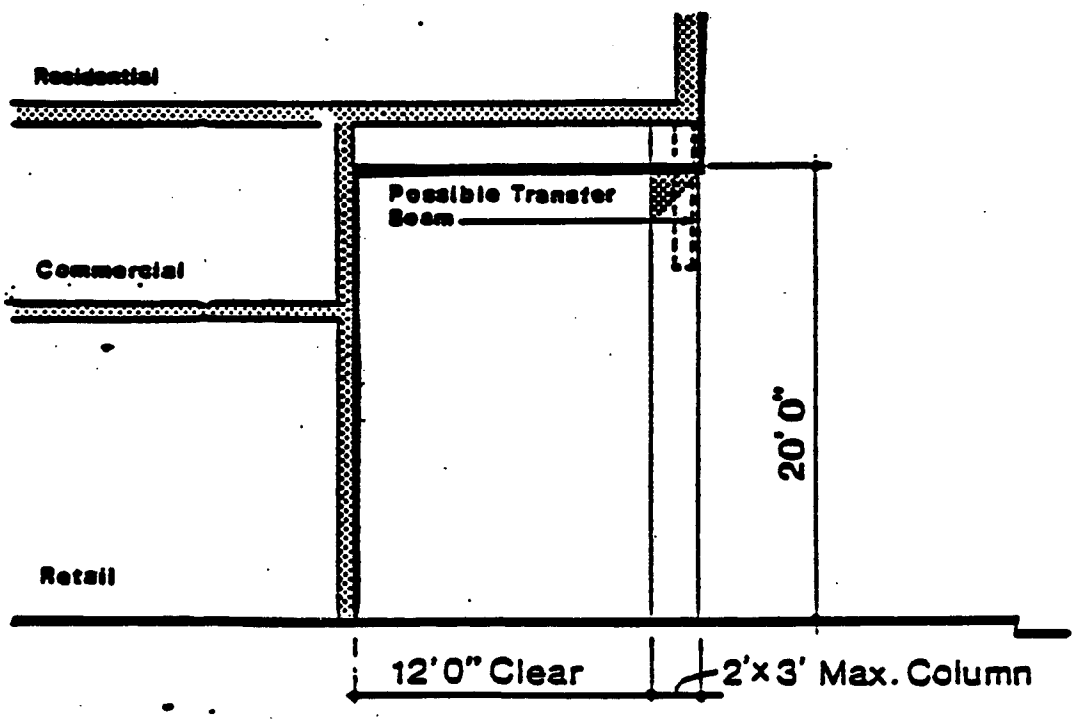
Fences

All fences are to be of the same type as planned for on the esplanade and/or commonly found in New York City parks.

Construction Fence

A temporary construction fence is to be provided around the boundaries of the construction site. Specifications for the fence will be provided to the successful bidders.

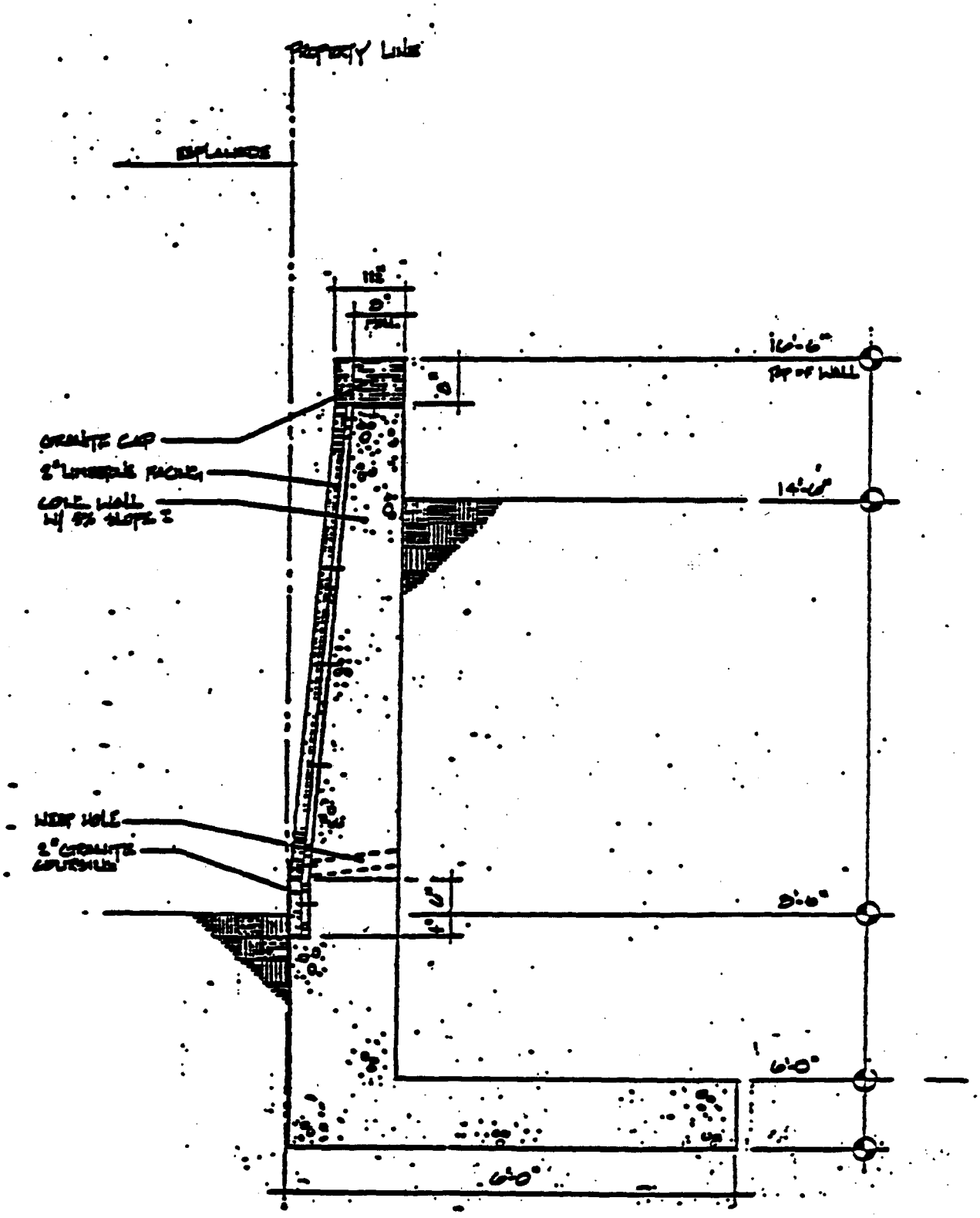




Arcades

Phase II Residential Development

Fig. 32



Esplanade Wall (At Pod 3)
Phase II Residential Development

Fig. 33

Battery Park City - 1979 Master Plan
Cooper, Eckstut Associates

7.0 PROGRAM AND GUIDELINES BY PARCEL

This section of the guidelines describes density, bulk, use, easement, dedication, and access controls for each parcel in Phase II Residential area, in addition to those found elsewhere in these guidelines. All sidewalks, street trees, street lights, etc., located along the frontages of the parcels are the responsibility of the developer. As previously mentioned, this is also true for the provision of the wall along the esplanade. The standard and design specifications for these elements will be provided to the successful bidders.

Block 5

- Parcel A -

Area (approximate): 18,000 sq. ft.

Maximum Floor Area: 109,000 sq. ft.

Location

Parcel A is on the western side of Block 5, and bounded by West Thames Street, South End Avenue, Rector Place, and on the east, Parcel B. Its approximate dimensions are as shown in Fig. 6.

No easements are required.

Use and Access

The ground floor may be for residential or professional office use, except that on the south side, beginning from a point 50 feet east of the west property line, there is an arcade of minimum 12-foot clear depth and 20' height with retail and commercial use behind. Elsewhere, residential use is prescribed.

Service and parking access to Parcel A is by a curb cut on the south side that may begin 35 feet east of the western property line. On-site above-grade parking structures may also begin on this line, with minimum 35-foot setback from the north property line and 35 feet from the south property line. Pedestrian

access is by a lobby on the northwest corner of the parcel, and by the arcade to the retail and commercial space. These use and access controls are shown in Fig. 34.

Bulk

Development on Parcel A is governed by a 60 to 80 foot height limitation and by the requirement of street walls of development coincident with the north, south, and west property lines. A two-story stone base is required on all street walls (Figure 35).

- Parcel B -

Area (approximate): 37,000 sq. ft.

Maximum Floor Area: 540,000 sq. ft.

Location, Easement & Dedication

Parcel B is on the eastern side of Block 5, and bounded by West Thames Street, West Street, Rector Place, and on its western side by Parcel A. Its approximate dimensions are as shown on Fig. 6. A subsurface easement is required for an existing sewer easement, running 45 feet west from the east property line, and a dedicated landscape area in the same location.

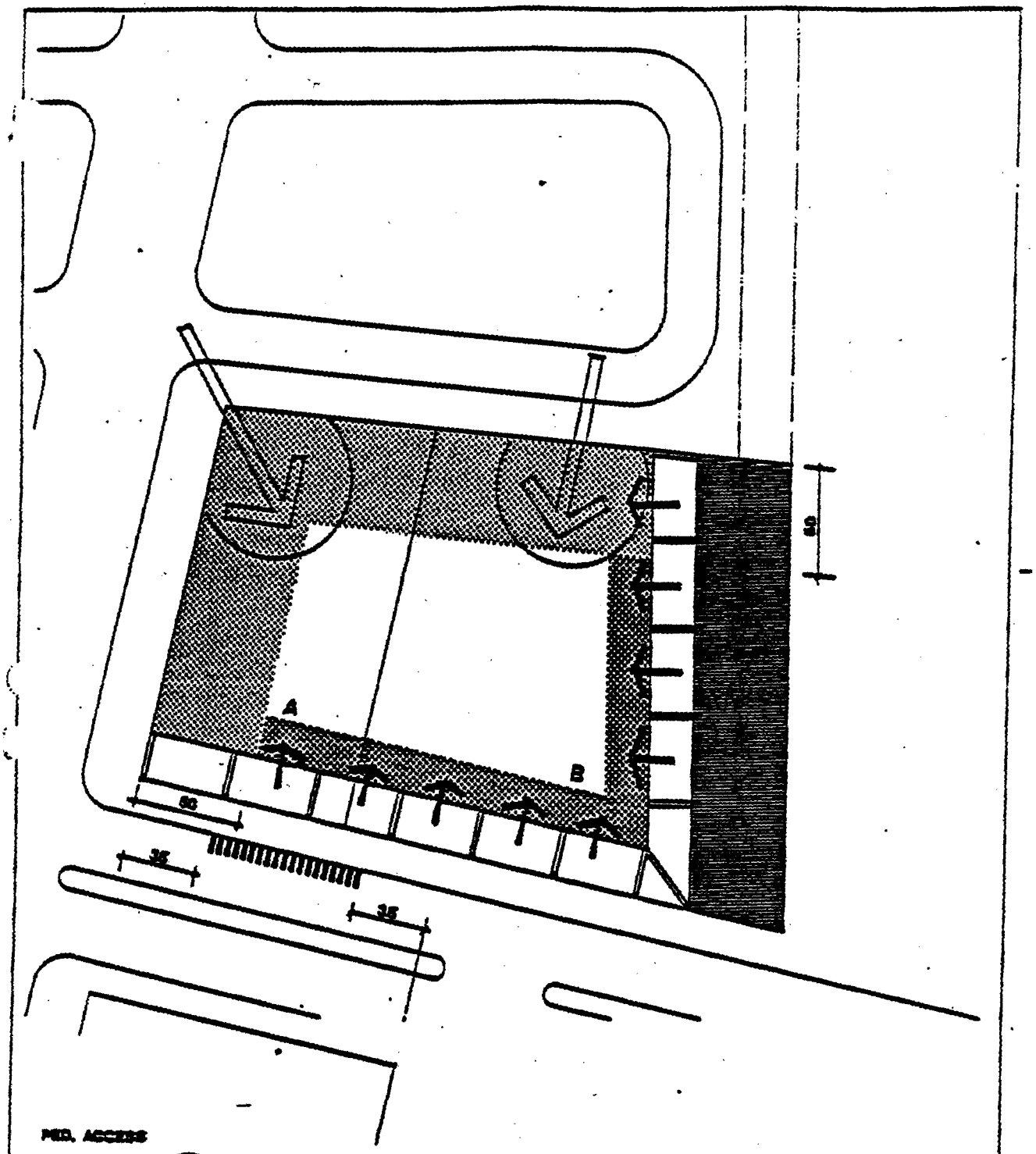
Use and Access

The ground floor may be used for professional offices as well as residential; however, on the east side from the south property line to a point 50 feet south of the northern property line, and on the south side, there is an arcade of minimum 12' clear depth and 20' height for retail and commercial use. Elsewhere, residential use is prescribed.

Service and parking access to Parcel B is by a curb cut that may be located in an area from the west property line east to a point 35 feet west of the eastern edge of the right-of-way of Battery Place extended. An on-site above-grade parking structure may be located in an area beginning on the west property line, setback by at least 35 feet from the north property line and 50 feet from the south property line, and bounded on the east by a line at least 50 feet west of the western easement line. Pedestrian access is by a lobby from Rector Place, and by the arcade to the retail and commercial space. These easement, dedication, use, and access controls are shown on Fig. 34.

Bulk

Development on Parcel B is governed by a 60 to 80 foot height limitation, except as set forth below, and the requirement of street walls of development coincident with north and south property lines. The arcade on the eastern edge must be coincident with the western edge of the east end of the property. A two-story stone base is required on all street walls and the arcade. A tower may rise on the south side of the parcel, with the center point of its width on West Thames Street coincident with the center line of Battery Place extended, as shown in Fig. 35.



MED. ACCESS

Lobby Access

Retail Access

Easements / Dedication

Resid. Comm. Facilities

Retail, Commercial

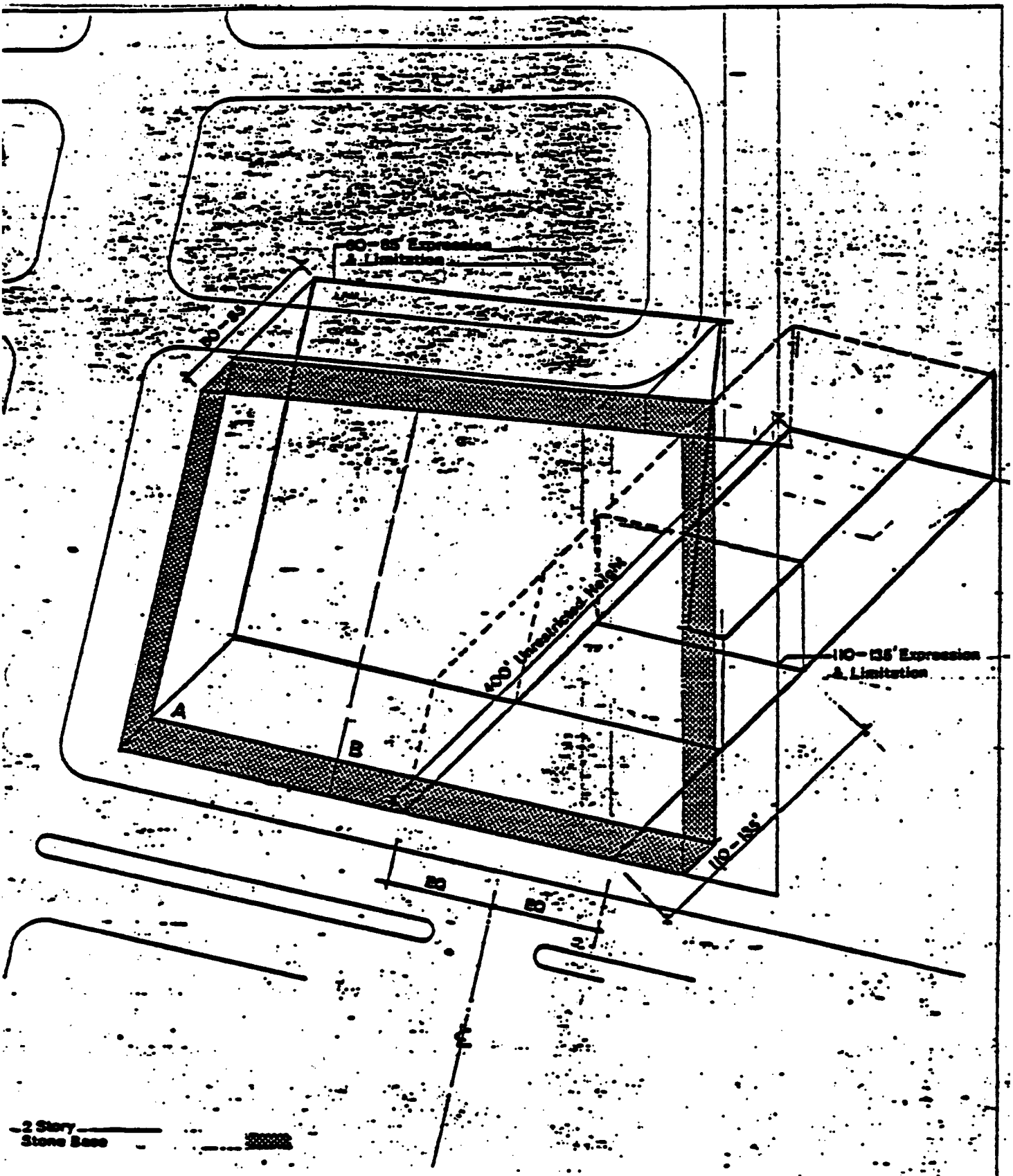
Curb Cut Zone

Ground Level Summary
Block 5
Phase II Residential Development

0 40 80

Fig. 34

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates



Bulk Summary
Block 5
Phase II Residential Development

0 40 80

March 1981

Fig. 35

Battery Park City - 1979 Master Plan

Cooper, Eckstut Associates

Block 6

- Parcel C -

Area (approximate): 12,500 sq. ft.

Maximum Floor Area: 105,000 sq. ft.

Location

Parcel C is on the northwest corner of Block 6, and bounded by Albany Street, South End Avenue, and on the east and south by Parcel D. Its approximate dimensions are as shown on Fig. 6. No easements are required.

Use and Access

The ground floor may be used for professional offices as well as residential. Elsewhere, residential use is prescribed. Service access to Parcel C is by a curb cut on the north side, that may begin 35 feet east of the western property line. Any above-grade on-site parking must be setback at least ten feet from the north and 35 feet from the west property lines. Pedestrian access is by a lobby on South End Avenue. These use and access controls are shown in Fig. 36.

Bulk

Development on Parcel C is governed by a 60 to 80 foot height limitation and the requirement of street walls of development coincident with the west and north property lines. A two-story stone base is required on all street walls, as shown in Figure 37.

Block 6

- Parcel D -

Area (approximate): 34,500 sq. ft.

Maximum Floor Area: 263,000 sq. ft.

Location .. Easement & Dedication

Parcel D is on the eastern and southern sides of Block 6, and bounded by West Street, Rector Place, Albany Street, South End Avenue, and in its northwest corner by Parcel C. Its approximate dimensions are as shown on Fig. 6. An easement 25 feet west from the east property line is required for an existing sewer easement, and a dedicated landscape area is required in the same location.

Use and Access

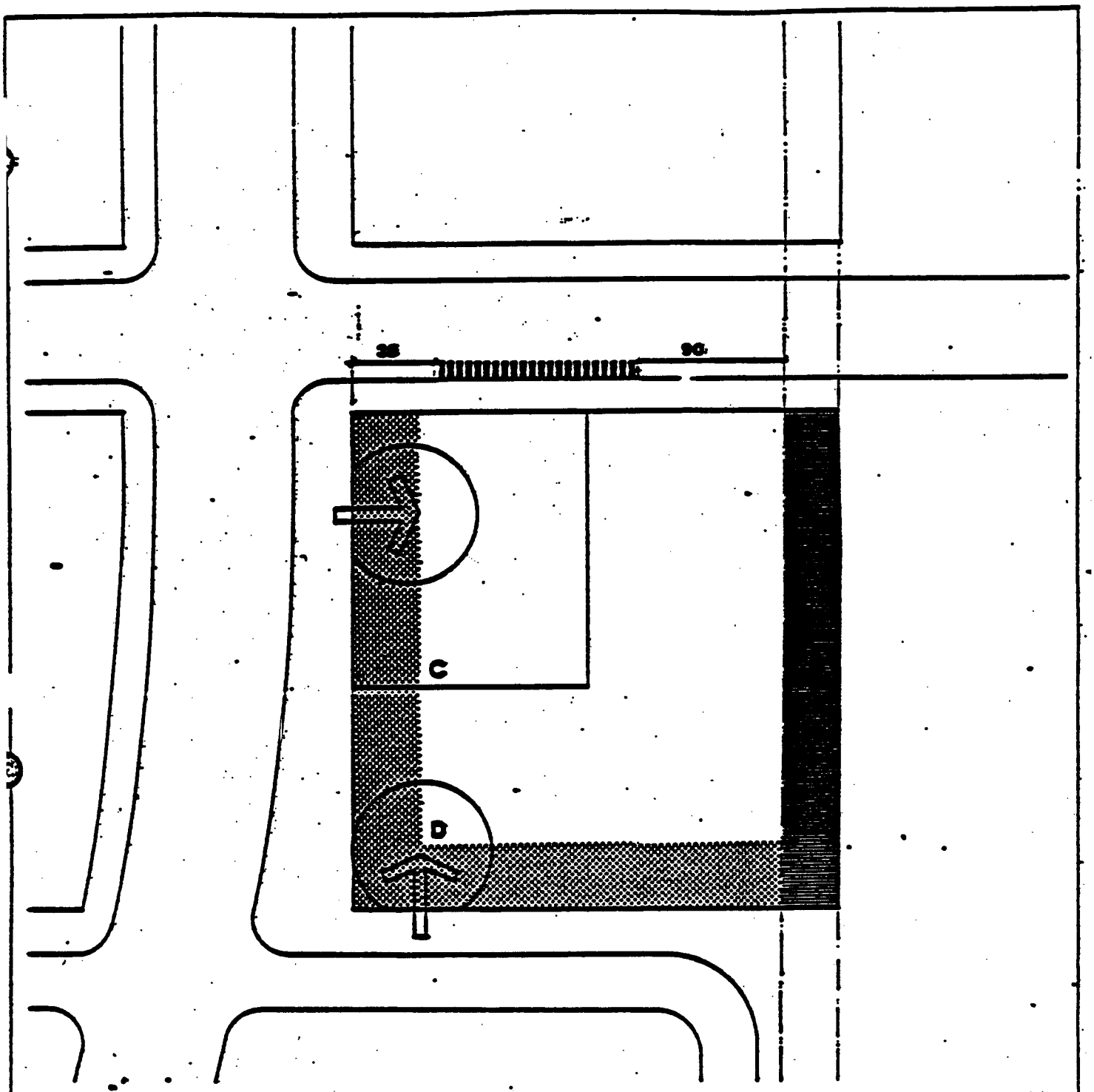
The ground floor may be for professional offices as well as residential use. Elsewhere, residential use is prescribed.

Service and parking access to Parcel D is by a curb cut in an area that may begin at the west property line on Albany Street and run along Albany Street to within 90 feet of the east property line. Any on-site above-grade parking structure will have at least a 35 foot setback from South End Avenue, 10 feet from Albany Street, 35 feet from Rector Place and 25 feet from the eastern property line. Pedestrian access is by a lobby off Rector Place. These easement, dedication, use, and access controls are shown in Fig. 36.

Bulk

Development on Parcel D is governed by a 60 to 80 foot height limitation for much of the parcel, and the requirement of street walls coincident with west and south property lines. A two-story stone base is required on all street walls (Figure 37).

A tower will rise on the southwest corner in an area between the western property line and a point 135 feet east of the western property line.



PED. ACCESS

Lobby Access

Easements / Dedication

Resid. Comm. Facilities

Curb Cut Zone

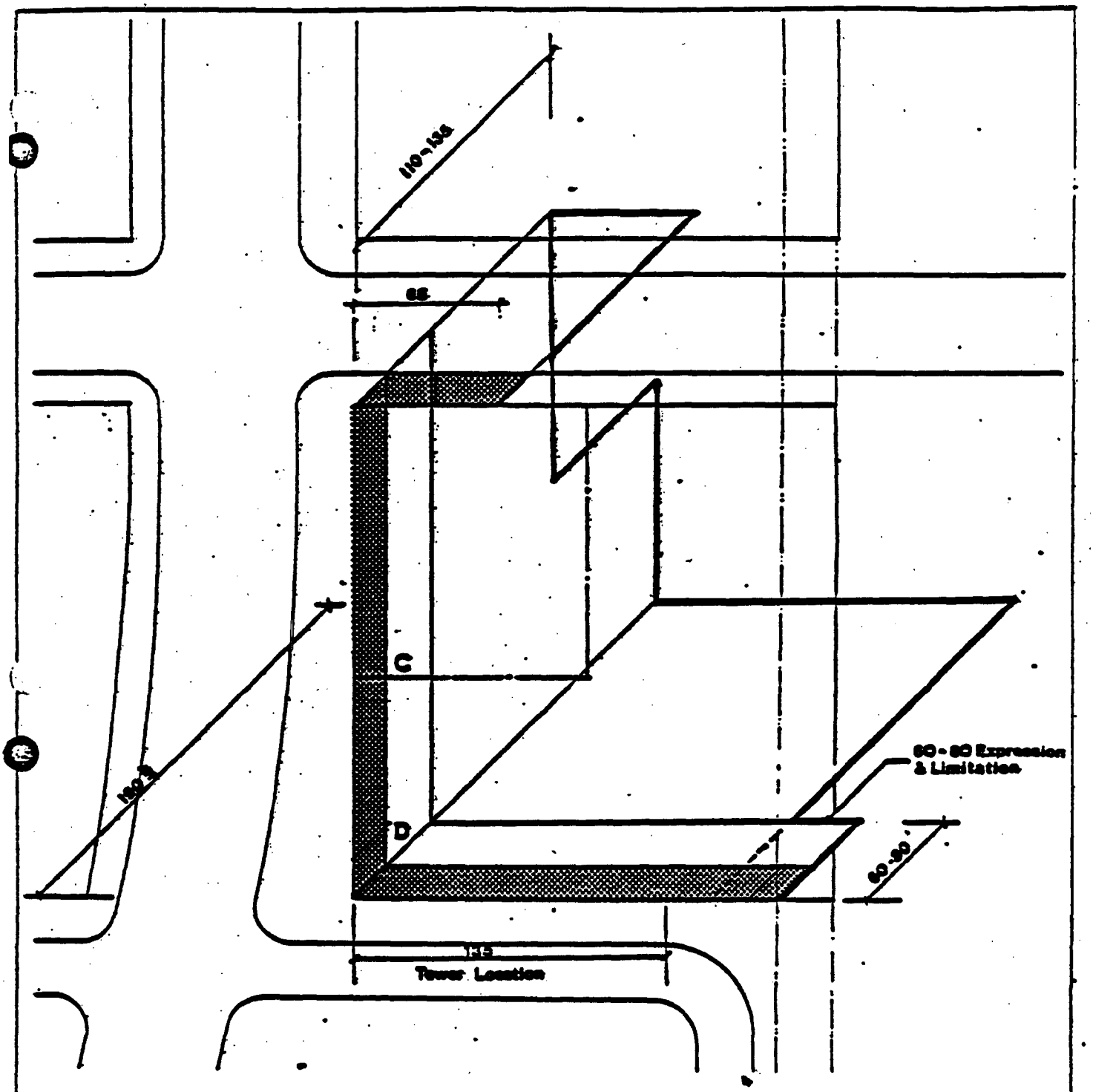
Ground Level Summary
Block 6
Phase II Residential Development

0 40 80

Fig. 38

Battery Park City · 1979 Master Plan

Cooper, Eckstut Associates



Bulk Summary
Block 6
Phase II Residential Development

0 40 80

Fig. 37

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

Block 7/8

- Parcel E -

Area (approximate): 15,000 sq. ft.

Maximum Floor Area: 107,000 sq. ft.

Location, Easement & Dedications

Parcel E is on the northwest corner of Block 7/8, and bounded by Albany Street, the Esplanade, on its south side by Parcel J and its east side by Parcel F. Its approximate dimensions are as shown in Fig. 6. An easement running 10 feet east of the west property line is required for an existing sewer easement and at-grade for a dedicated landscape area in the same location, and a 25 foot dedicated service street area running west from the eastern property line is required to allow service to all parcels on Block 7/8.

Use and Access

Residential is the prescribed use. Service and parking access is by the easement on the eastern side of the property. On-site above-grade parking structures must be set back atleast 35 feet from north property line, and 45 feet from the east property line. Pedestrian access is by a lobby from Albany Street. These easement, dedication, use, and access controls are shown in Fig. 38.

Bulk

Development on Parcel E is governed by a 60 to 80 foot and 110 to 135 foot height limitation, and the requirement of street walls coincident with the north property line and western easement line. A two-story stone base is preferred on all street walls, as shown in Figure 39.

- Parcel F -

Area (approximate): 12,500 sq. ft.

Maximum Floor Area: 26,000 sq. ft.

Location and Setbacks

Parcel F is the north midblock of Block 7/8, and bounded by Albany Street and Parcels E, G, and I. Its approximate dimensions are as shown in Fig. 6. No easements are required, but a 15 foot setback from the north lot line is required.

Use and Access

Residential use is prescribed, and "brownstone" or row house development is preferred. Service is by the service road on the south side, with sanitation pickup at the rear of the buildings. Pedestrian access is from Albany Street. These use and access controls are shown in Fig. 38.

- Parcel G -

Area (approximate): 15,250 sq. ft.

Maximum Floor Area: 90,000 sq. ft.

Location and Dedication

Parcel G is on the north eastern corner of Block 7/8, and bounded by Albany Street, South End Avenue, on the south by Parcel H, and on the west by Parcel F. Its approximate dimensions are as shown on Fig. 6. A dedicated service street area of 25 feet running east from the west property line is required, for service to the Parcels in Block 7/8.

Use and Access

In an area including the first 100 feet west of the eastern property line on the north side of the parcel, ground floor retail is permitted. On the eastern property line, there is an arcade of minimum 12-foot clear depth and 20' foot height for retail and commercial use. Elsewhere, residential use is prescribed.

Service and parking access to Parcel G is by the service road on the western edge of the property. Any on-site above-grade parking facilities must be set back at least ten feet from the north property line and 50 feet from the east property line. Pedestrian access is by a lobby from Albany Street. These dedication, use, and access controls are shown on Fig. 38.

Bulk

Development on Parcel G is governed by a 60 to 80 foot height limitation, and the requirement of street walls of development coincident with north and east property lines. A two-story stone base is required on all street walls, as shown in

- Parcel H -

Area (approximate): 12,000 sq. ft.

Maximum Floor Area: 117,000 sq. ft.

Location

Parcel H is on the southeastern corner of Block 7/8, and bounded by South End Avenue, Rector Place, Parcel G on the north, and Parcel I on the west. Its approximate dimensions are as shown on Fig. 6. No easements are required.

Use and Access

On the ground floor, professional offices as well as residential use is allowed, except that for the eastern property line, there shall be an arcade of minimum 12-foot clear depth and 20' height for retail, commercial and lobby use. Elsewhere, residential use is prescribed.

Service and parking access to Parcel H is by the service street abutting the northern western corner of the property. Any on-site above-grade parking structures must set back at least 35 feet from the south property line and 50 feet from the east property line. Pedestrian access is by a lobby from Rector Place, adjacent to South End Avenue, and by the arcade to the retail.

These use and access controls are shown in Fig. 38.

Bulk

Development on Parcel H is governed by a 110 to 135 foot height limitation, and the requirement of street walls coincident with the east and south property lines. A two-story stone base is required on all street walls, as shown in Fig. 39.

- Parcel I -

Area (approximate): 16,500 sq. ft.

Maximum Floor Area: 115,000 sq. ft.

Location and Dedication

Parcel I is the south midblock of Block 7/8, and bounded by Rector Place, and Parcels J, F, and H. Its approximate dimensions are as shown on Fig. 6. A dedicated service street area of 25' running south from the north property line is required for service to the parcels in Block 7/8.

Use and Access

The ground floor may be used for professional offices as well as residential. Elsewhere, residential use is prescribed.

Service and parking access to Parcel I is from the service street on the north side of the property. On-site above-grade parking structures must set back at least 35 feet from the south property line. Pedestrian access is by a lobby from Rector Place. These dedication, use and access controls are shown on Fig. 38.

Bulk

Development on Parcel I is governed by a 110 to 135 foot height limitation, and the requirement of street walls coincident with the south property line. A two-story stone base is required on the street wall, as shown in Fig. 39.

- Parcel J -

Area (approximate): 17,000 sq. ft.

Maximum Floor Area: 214,000 sq. ft.

Location, Easement & Dedications

Parcel J is the southwestern corner of Block 7/8, and bounded by the Esplanade, Rector Place, Parcel E on its north, and Parcel I on its east. Its approximate dimensions are as shown on Fig. 6. An easement that first runs 10 feet east from the west property line is required for utilities. A dedicated landscape area is located on the surface in the same location. A second dedicated area is for a service street in the northeast corner, as described in 3.5, Easements and Dedicated Areas, and is part of the service street for Block 7/8.

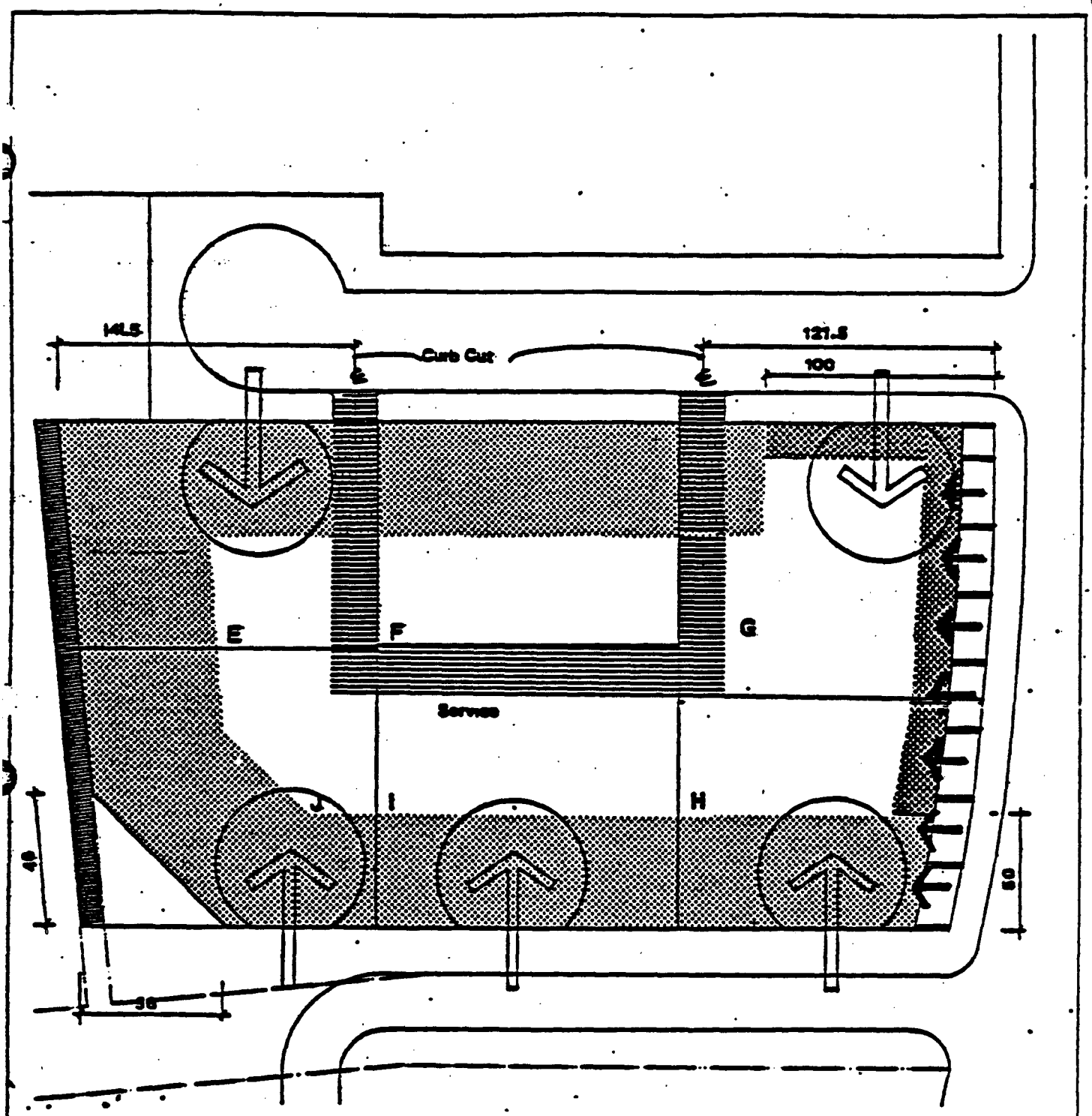
Use and Access

On the south side, the ground floor may be for professional offices as well as residential; elsewhere, residential use is prescribed.

Service and parking access is from the service street abutting on and including the northeast corner. Any on-site above-grade parking must set back at least 35 feet from the south property line and 45 feet from the west property line. Pedestrian access is by a lobby from Rector Place. These easement, dedication, use, and access controls are shown in Fig. 38.

Bulk

Development on Parcel J is governed by a 110 to 135 foot height limitation for at least 30 feet on the northern part of the west property line and the eastern part of the south property line. Beyond those points a tower may rise, governed by the special height limitations of the zoning. Street walls are to coincide with the west and south property lines except for a street wall running between two points, 46 feet north of the south property line on the west side of the property, and 56 feet east of the west property line on the south side of the property, as shown in Fig. 39. A two-story stone base is required on all street walls.



PED. ACCESS

Lobby Access

Retail Access

Easements/ Dedication

Resid. Comm. Facilities

Retail Commercial

Service Area

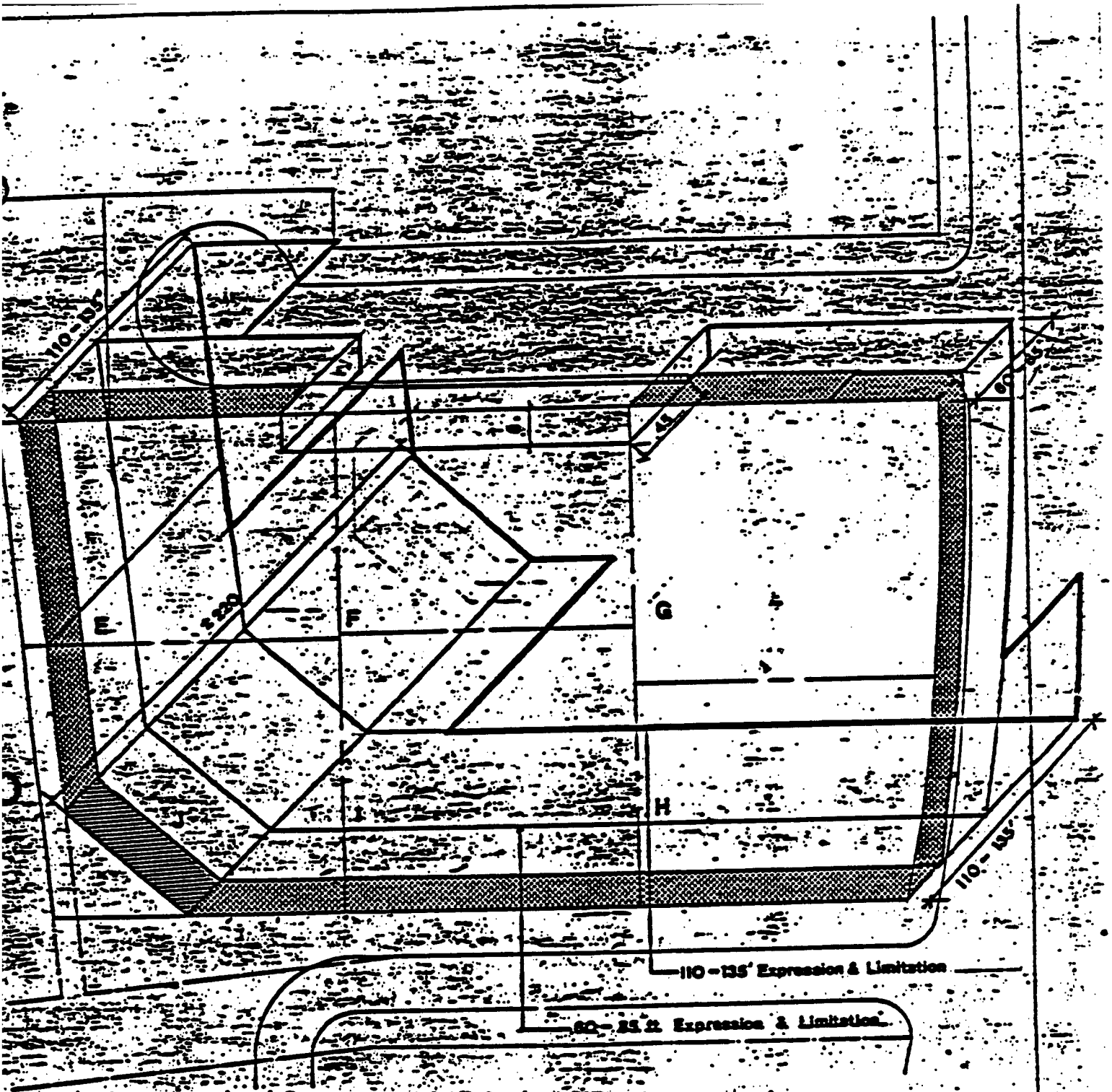
Ground Level Summary
Block 7 and 8
Phase II Residential Development

0 40 80

Fig. 38

Battery Park City · 1979 Master Plan

Cooper, Eckstut Associates

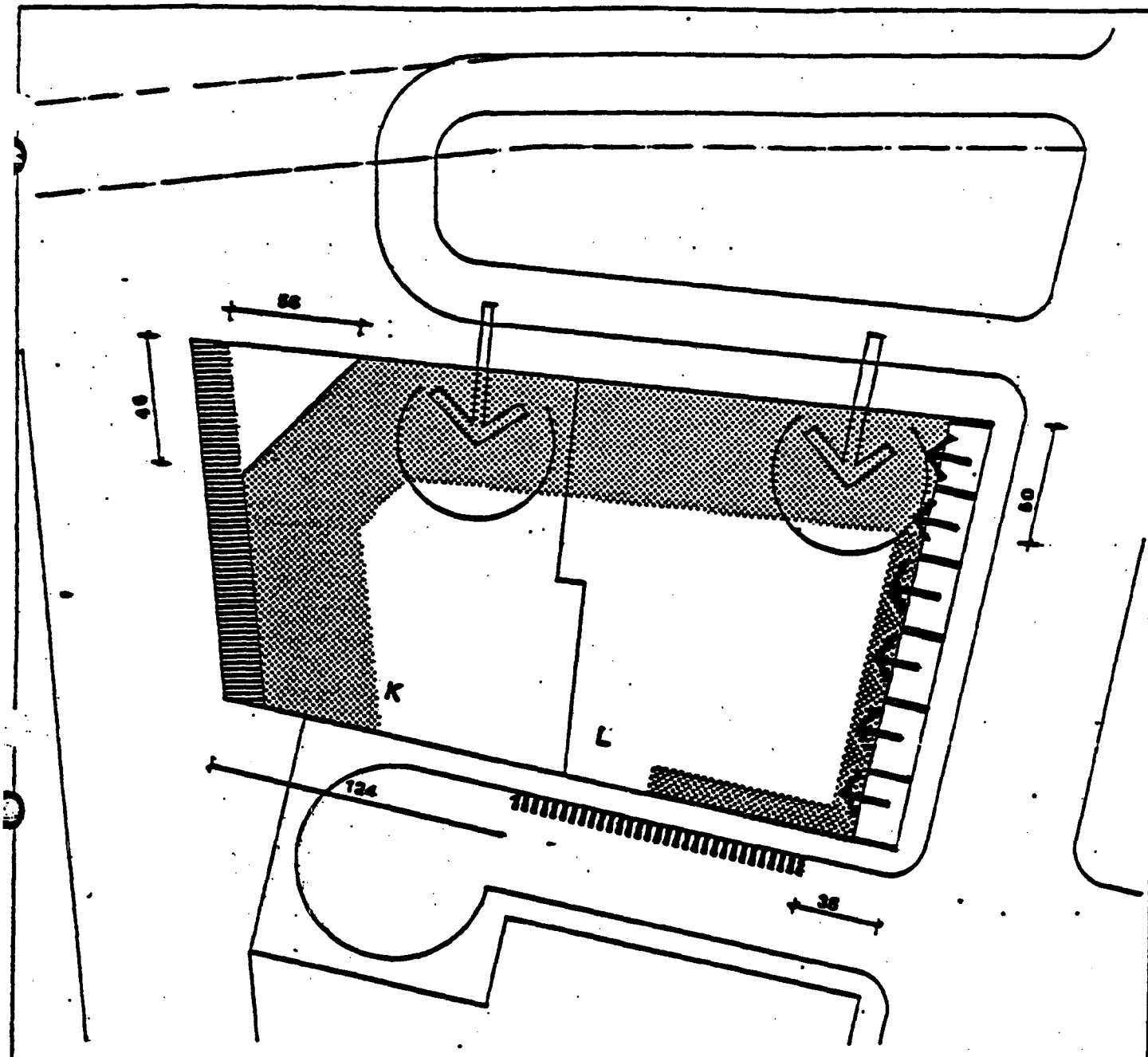


Bulk Summary
Block 7 and 8
Phase II Residential Development

Battery Park City - 1979 Master Plan
Cooper, Eckstut Associates

0 40 80

Fig. 38



PED. ACCESS

Lobby Access

Retail Access

Landscape Area/ Dedication

Resid. Comm. Facilities

Retail, Commercial

Curb Cut Zone

Ground Floor Summary
Block 9
Phase II Residential Development

0 40 80 Fig. 40

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

Block 9

- Parcel K -

Area (approximate): 22,500 sq. ft.

Maximum Floor Area: 247,000 sq. ft.

Location and Dedication

Parcel K is the western parcel in Block 9, and bounded by the esplanade, Rector Place, West Thames Street, and on its east by Parcel L. Its approximate dimensions are as shown on Fig. 6. A ten-foot dedicated area running east from the west property line is required for landscaping.

Use and Access

On the ground floor, professional offices as well as residential use is allowed. Elsewhere, residential use is prescribed.

Service and access to Parcel K is by a curb cut on West Thames Street that may be located in an area from the east property line to a point 124 feet east of the west property line. Any on-site above-grade parking structures must set back at least 10 feet from the south property line, 10 feet from the west property line, and 33 feet from the north property line. Pedestrian access is by a lobby from Rector Place. These dedication, use and access controls are shown in Fig. 40.

Bulk

Development on Parcel K is governed by a 60 to 80 foot height limitation and the requirement that street walls of development coincide with south, west and north property lines, except that a tower may rise in an area between 30 feet west of the east property line, and 30 feet north of the south property line. A street wall is required between two points: 56 feet east of the west property line on the north side of the property, and 46 feet south of the north property line on the west side of the property. (Fig. 40) A two-story stone base is required on all street walls, as shown in Fig. 41.

- Parcel L -

Area (approximate): 26,000 sq. ft.

Maximum Floor Area: 141,000 sq. ft.

Location

Parcel L is on the eastern side of Block 9, and bounded by Rector Place, South End Avenue, West Thames Street, and on the west by Parcel K. Its approximate dimensions are as shown on Fig. 6. No easements are required.

Use and Access

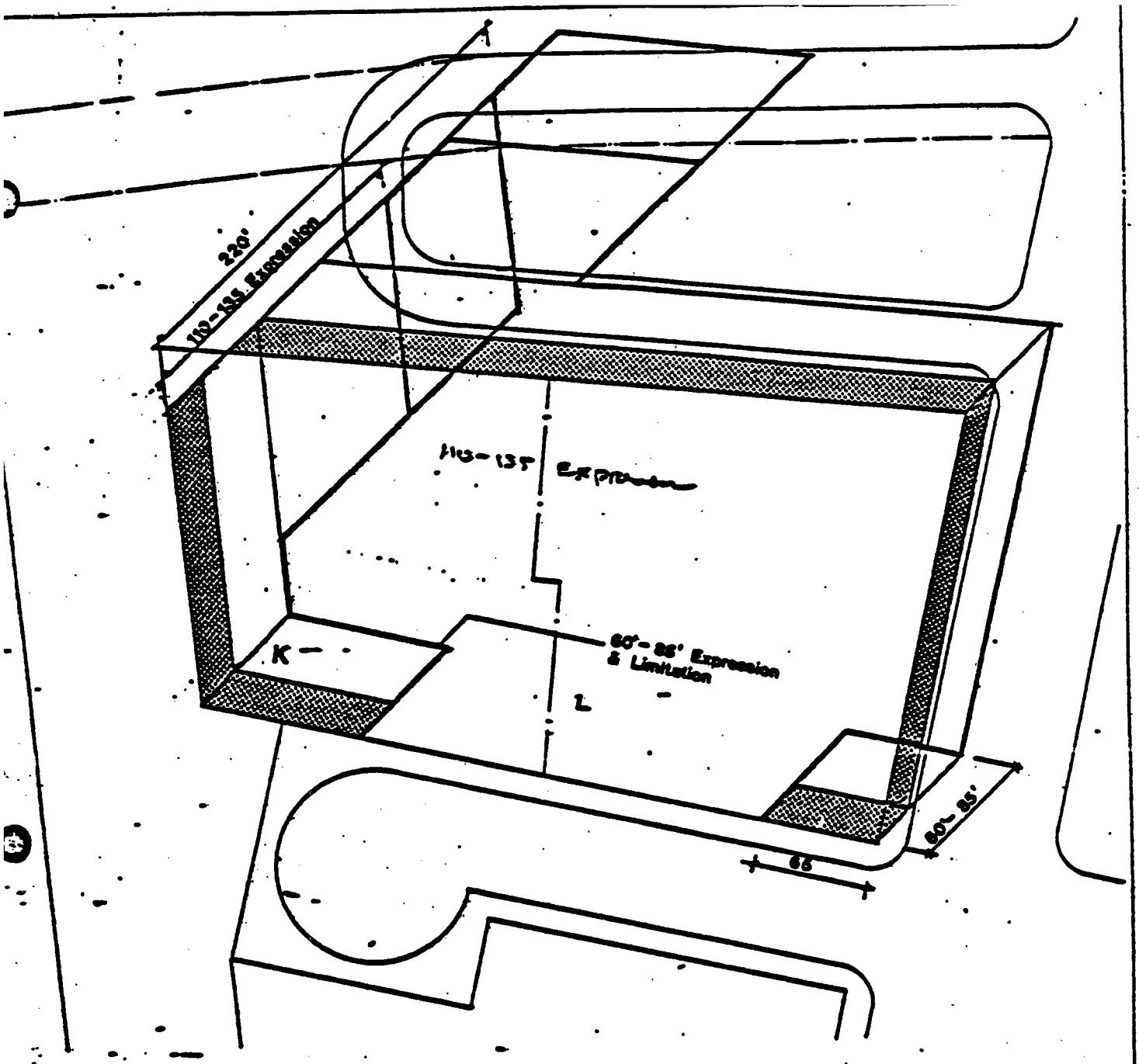
On the ground floor, professional offices as well as residential use is permitted, except that the eastern property line shall be given to an arcade, 12 foot minimum clear depth and 20' minimum height, for retail and commercial use running south from a point 50' south of the north property line. On the south side, retail use may run 100 feet west from the east property line. Elsewhere, residential use is prescribed.

Service and parking access is by a curb cut located in the area between the west property line and 35 feet west of the east property line. Any on-site above-grade parking structures must set back at least 10 feet from the south property line, 50 feet from the east property line, and 35 feet from the north property line. Pedestrian access is by a lobby from Rector Place.

These use and access controls are shown in Fig. 40.

Bulk

Development on Parcel L is governed by a 60 to 80 foot height limitation and the requirement that for all development, street walls be coincident with north, east, and south property lines. A two-story stone base is required on the street walls, as shown in Fig. 41.



2 Story Stone Base

Bulk Summary

Block 9
Phase II Residential Development

0 40 80

March 1981

Fig. 41

Battery Park City · 1979 Master Plan
Cooper, Eckstut Associates

8.0 ENERGY, ENVIRONMENT, AND THE HANDICAPPED

8.1 Energy and the Environment

In order to conserve energy and meet the requirements of the Environmental Impact Statement, the following U-values, calculated in accordance with NYSECCC section E 402.1, are required for walls, roofs, and glass.

Item		
U-Wall	0.11	Btu/hr/sq ft
U-Roof	0.07	"
U-Unheated Floors	0.08	"
U-*Glass (winter)	0.48	"
U-*Glass (summer)	0.55	"

Preference will be given to proposals which include:

1. Incorporation of passive systems to maximize use of solar energy for heat and natural light (e.g. orientation, heat storage systems, sun shades or screens, etc.)

2. Adaptability of new energy technology (active systems).

3. Consistency of proposed heating, cooling, etc., systems with systems chosen by Battery Park City Authority for Battery Park City as a whole.

4. To the extent possible, all energy consumption is to be provided through individual tenant meters.

8.2 The Disabled

All buildings must meet federal requirements as promulgated in National Standard Specifications for Making Buildings and Facilities Accessible To and Useable by Physically-Handicapped People. ANSI (A117.1 - 1980)

9.0 ADMINISTRATIVE FRAMEWORK

These design guidelines define standards that meet the intent and quality established in the 1979 Master Plan for Battery Park City, the Memorandum of Understanding between the City and State, and the programmatic Environmental Impact Statement for Battery Park City. Developers are encouraged to seek design excellence, and to include the optional uses such as parking, retail and commercial. There are no special requirements on apartment type, distribution and layout, but the zoning and these guidelines set minimums on room and apartment sizes.

Selection of developers shall be done in accordance with the Battery Park City Residential Phase II Request for Development Proposal. Prior to commencement of construction, the developer must obtain a certification from Battery Park City Authority that its proposed development is in accordance with these design guidelines and BPCA's affirmative action program (Exhibit F of the Request for Development Proposal).

In order to ensure that development is in compliance in intent and quality with the 1979 Master Plan Report and these design guidelines, and consistent with the Environmental Impact Statement, and the Memorandum of Understanding between the City and State of June 6, 1980, certification by BPCA will consist of:

1. Approval of Developer's selection of Architect(s) and engineers.

2. Review and approval of the developer's schematic plans for each building or facility through a design review process with such assistance from consultants as it may require. As part of the review and approval process, the developer will be required to submit the following information:

a. Site Plan - indicating building and facility locations, utility locations, and basic definition of the development of hard and soft areas.

b. Floor Plans - typical and atypical floors and any special public areas.

c. Elevations, N, S, E, & W.

d. Building Sections - Longitudinal and Transverse.

e. Outline Specifications.

f. HVAC, electrical and plumbing systems.

g. Distribution of apartments (studios, one-bedroom, etc.)

h. Manner of supporting tie-ins to public utilities.

i. Proposed energy conserving design features.

j. Design of storefronts, which shall not be changed during the period of lease without approval of BPC.

3. Review and approval of the developer's preliminary (Design Development) Plans and outline specifications.

4. Review and approval of the developer's final contract plans and specifications for each building or facility.

The developer, on receipt of BPCA written approval of these final contract plans, is responsible for obtaining all regular approvals from the Buildings Department and any other city agencies, as would be the case with any other development in New York City.

5. Review and approval of changes to the final contract plans and exterior materials specifications during construction.

6. Review and approval of samples of materials for exterior surfaces.

BPCA will review all submissions in a prompt and timely manner. BPCA will maintain field personnel to observe construction methods and technology.

EXHIBIT "H"

BATTERY PARK CITY
Phase II Residential Development
LIBERTY VIEW ASSOCIATES L.P.'s
AFFIRMATIVE FAIR HOUSING MARKETING PROGRAM FOR SITE D

This Affirmative Fair Housing Marketing Program has been adopted by the Battery Park City Authority ("BPCA") in order to assure that Liberty View Associates L.P., a limited partnership composed of at least one general partner controlled by L.R.F. Developers, Inc. or Francisco Lugovina and at least one general partner controlled by The Related Companies, Inc. or Stephen Ross and organized under the laws of the State of Delaware ("Tenant"), its agents, successors and assigns, comply with their 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 Phase II Residential Development designated as Site D and to permit BPCA to promote open, integrated housing and to afford individuals a range of housing or commercial facility choices regardless of their race, color, creed, sex or national origin.

This Program is designed to implement BPCA's corporate policy of ensuring that all housing at Battery Park City affords equal access to, and equal opportunity for, minority persons and families, and that occupancy reflects, to the maximum extent possible, the minority 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, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian or Pacific Island persons having origins in any of the original peoples of 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 Housing Marketing Plan. Tenant shall submit to BPCA an affirmative fair housing 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. The Plan shall specify all actions which Tenant proposes to take to attract Minorities 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) maintaining a non-discriminatory hiring policy for marketing staff; (c) instructing all marketing staff and agents in writing and orally in the policies of non-discrimination and fair housing; (d) displaying fair housing posters approved by BPCA; (e) including in any printed materials used in the marketing of the Units an equal opportunity logo, slogan, or statement approved by BPCA; (f) prominently posting signs displaying the logo, slogans and statements referred to in (d) and (e) above at each of Tenant's sales or rental offices; and (g) listing all community 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 non-disciminatory 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, 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 non-minorities 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 budget for its Minority outreach effort, which budget shall also be subject to BPCA's prior written approval.

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, to the Plan should be made to achieve the purposes thereof.

4. 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 adver-

tising 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) any other evidence of affirmative outreach to Minorities with respect to the Units; (e) evidence of instructions to employees with respect to Tenant's policy of non-discrimination in the rental or sale of the Units; (f) data by race and sex on the composition of Tenant's rental or sales staff; (g) one copy of each application list and waiting list of prospective renters or buyers; (h) 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 applicants who have been rejected and the bases 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.

5. Recordkeeping. Tenant shall maintain records which show the racial, ethnic 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 (95%) of the Units are rented or sold, Tenant shall submit to BPCA a report, on the form annexed hereto as Schedule H, summarizing the racial, ethnic 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' rights 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 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 applicants and occupants.

6. Monitoring. At BPCA's request and expense, Tenant shall allow BPCA to place a representative at Tenant's rental or sale office or offices to monitor compliance with the Plan, provided that such BPCA representative 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.

7. 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 of its obligations hereunder; (b) declaring 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 such as holding some or all of the Units off the market until Tenant is in compliance; (d) hiring a consultant to assist with the Minority outreach efforts 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).

8. 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.

9. 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.

10. 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.

11. 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 receipt of such delivery having been obtained, 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
40 West Street - Gate 3
New York, New York 10006

Att'n: Vice President for
Affirmative Action

If to Tenant, to:

Liberty View Associates L.P.
c/o The Related Companies, Inc.
645 Fifth Avenue
New York, New York 10022

Att'n: Affirmative Action Officer

(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 11.

12. 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.

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

Dated: New York, New York
, 1984

ACCEPTED AND AGREED:

LIBERTY VIEW ASSOCIATES L.P.

By:_____

SCHEDULE H

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 multifamily or other rental or sale of housing 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. PROJECT:

NUMBER OF UNITS

RENTAL OR SALE RANGE OF UNITS

From $ To $

C. RENTAL/MANAGEMENT AGENCY:

NAME

ADDRESS

3. ANTICIPATED OCCUPANCY RESULTS (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. 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.

A. RENTALS OR SALES FOR REPORTING PERIOD

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

B. TOTAL NUMBER OF UNITS CURRENTLY OCCUPIED INCLUSIVE OF TOTALS INDICATED IN ITEM 4.A. ABOVE

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

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

WHITE	
BLACK	
AMERICAN INDIAN OR ALASKAN NATIVE	
HISPANIC	
ASIAN OR PACIFIC ISLANDERS	
TOTAL	100%

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

NAMES	APARTMENT NUMBERS

6. COMMERCIAL UNITS (if any)

A. PROJECT

NUMBER OF UNITS

RENTAL OR SALE RANGE OF UNITS

From $ To $

B. 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 B.1. ABOVE.

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

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

NAMES APARTMENT NUMBERS

SIGNATURE OF PERSON SUBMITTING REPORT NAME (Type or Print)

TITLE AND COMPANY DATE

ADDRESS

TELEPHONE

EXHIBIT "I"

Battery Park City Authority
40 West Street
New York, New York 10006

, 1984

Liberty View Associates L.P.
c/o The Related Companies, Inc.
645 Fifth Avenue
New York, New York 10022

Agreement of Lease (the "Lease") of even date herewith between Battery Park City Authority, as landlord, and Liberty View Associates L.P., as tenant, covering Parcel D at Battery Park City - Phase II Residential Development

Ladies and Gentlemen:

Supplementing the provisions of the Lease, we hereby agree as follows:

1. a. Landlord represents and warrants to Tenant that permanent water mains, including related manholes, and empty telephone line conduits, have been placed in Rector Place North, and such mains and conduits are presently available for connection and use by Tenant. Landlord further represents and warrants that sewer service mains (and connections thereto) for service to the Premises have been placed in South End Avenue.

b. Landlord represents and warrants to Tenant that a permanent gas main has been placed in South End Avenue and that, subject to actions to be taken by Con Edison and Tenant, such main is presently available for connection and use by Tenant.

2. Landlord approves the engagement by Tenant of The Gruzen Partnership as architect in connection with the design and construction of the Building.

3. Normal New York City construction rules shall apply to construction on all parcels in Phase II, including, but not limited to, any construction by (or on behalf of) Landlord of the Civic Facilities.

4. Landlord shall cause its contractors and all others in the Project Area connected with Landlord's construction to work harmoniously with each other and with the other contractors and workers in the Project Area, and Landlord shall not engage in, or permit its contractors to engage in, any conduct which may disrupt such harmonious relationship. In addition, Landlord shall coordinate its construction activities under the Lease with the construction activities of Tenant at the Premises.

5. a. Tenant shall have the right, at Tenant's sole cost and expense, to display Tenant's marketing signs (including, without limitation, signs identifying Tenant as the developer of the Premises) on Tenant's construction fence or on other portions of the Premises which are visible from outside the Premises, provided such signs are non-illuminating and, further, provided that Landlord shall have approved such signs(s), which approvals(s) shall not unreasonably be withheld or delayed.

b. Tenant shall have the right, at Tenant's sole cost and expense, to maintain a non-illuminated marketing sign on the fence maintained along West Street (or adjacent to West Street, if there shall be no such fence). Such sign, and the location thereof, shall be subject to the approval of Landlord, which shall not unreasonably be withheld or delayed, but such sign shall in any event (i) be clearly visible to motorists and pedestrians along West Street, and (ii) after Tenant's rental office shall open to the public, be located at the pedestrian and vehicular entrance to Battery Park City that is most convenient for access to the Premises.

6. a. In respect of any parcels in Phase II that are situated to the north of Rector Park (except for Site D) and as to which construction has not been commenced by the tenants thereof by the later of (i) July 1, 1985, and (ii) the date of Tenant's Enclosure of Building, Landlord shall, on or before the later of such dates (subject to Unavoidable Delays), landscape, in accordance with generally accepted practices, all such parcels with grass and bushes. Thereafter, until commencement of construction on each such parcel, Landlord shall maintain (A) all such landscaping in good and safe order and condition, and (B) the temporary sidewalks in good and safe order and condition and free from dirt, snow, ice, rubbish, obstructions and encumbrances. Upon commencement of construction with respect to any such parcel,

Landlord shall cause such temporary sidewalks to be maintained in the aforesaid manner (except for such temporary alterations thereto as may be permitted by applicable New York City construction rules). Notwithstanding the foregoing, Landlord shall not be so obligated to act, with respect to any parcel, under this Paragraph 6.a. until Landlord shall be entitled pursuant to the lease of said parcel or law to obtain possession of such parcel or otherwise to enter upon such parcel to perform such obligations. Any failure by Landlord to perform the aforesaid obligations with respect to Parcel C of Phase II, including, without limitation, the failure in a timely manner (to be judged in light of the planting seasons) to undertake the planting required in connection with the aforesaid landscaping (it being agreed that Landlord cannot guarantee the fruits thereof) shall entitle Tenant to seek equitable relief and, if Parcel C has not been made subject to a lease, to engage in Self-Help in accordance with Section 26.04(b) of the Lease and to receive the offset against Base Rent and Civic Facilities Payment provided for in Section 26.04(c) of the Lease.

b. If the tenant of any parcel in Phase II that is situated to the north of Rector Park shall commence construction thereon and thereafter shall fail to continue such construction in accordance with the provisions of the lease in respect of such parcel and if such parcel shall not be en-

closed by a fence, Landlord shall use Landlord's best efforts to enclose such parcel with a safe and attractive fence and to maintain such fence in good order until construction shall again be commenced on such parcel; provided, however, that Landlord shall not be so obligated to act under this Paragraph 6.b. until Landlord shall be entitled, pursuant to said lease, to obtain possession of such parcel or otherwise to enter upon such parcel to perform such obligations.

7. In respect of the parcels bounded on the north by Rector Place South and on the south by West Thames Street, Landlord shall clear said parcels of debris (and shall keep parcels so cleared) by the later of (a) Enclosure of Building or (b) July 1, 1985; provided, however, that if any such parcel is leased to a third party, Landlord shall not be so obligated to act under this Paragraph 7 with respect thereto until Landlord shall be entitled to act pursuant to the lease of said parcel or law to obtain possession of such parcel or otherwise perform such obligation.

8. Landlord represents that, pursuant to agreement dated September 1, 1981, Olympia & York Battery Park Company is obligated to Landlord to construct a pedestrian overpass which crosses West Street to the south of Liberty Street and connects to the sidewalk, and substantially to complete same by March 31, 1985 (subject to extensions of said date as provided in said agreement). Landlord represents and war-

rants that, upon completion and subject to force majeure and ongoing needs for repair, replacement and reconstruction, said overpass or other comparable means of access across West Street at a comparable location shall be open to the public twenty-four (24) hours a day, the entire year.

9. The parties hereto acknowledge the existence of a certain letter of understanding dated June 30, 1983, as amended by letter dated May 4, 1984, setting forth the agreement between the City of New York and Battery Park City Authority with respect to Marginal Street (such letter agreement and any amendments, modifications or additions thereto of which Tenant has written notice, the "City Agreement"). Pursuant to Section 11.12 of the Lease, Landlord designates as the portion of Marginal Street as to which Tenant (together with the tenants of Parcels A and L) shall have a revocable non-exclusive license to store construction materials and equipment (the "Storage Area") the area labelled "Staging Area" on the Map attached hereto and made part hereof. Unless such fence is in existence on the date hereof, Tenant shall be required, at its sole cost and expense, to erect and maintain an 8-foot high chain-mesh fence along the perimeter of the Storage Area ("Storage Area Fence"), except along that portion of the perimeter line which marks the boundary line of Parcel D. Subject to Landlord's approval, Tenant may locate gates within the Storage Area Fence. Upon Landlord's request, Tenant shall, at its

sole cost and expense, remove the Storage Area Fence. In addition, Tenant shall take all such actions as Landlord is required to take pursuant to the City Agreement in connection with the use or occupancy of Marginal Street as same pertains to the Storage Area, and Tenant shall not permit any action or condition in respect of the Storage Area which constitutes or would, with notice or lapse of time or both, constitute a violation or breach of Landlord's obligations under the City Agreement if such had been committed by Landlord. Tenant acknowledges that pursuant to the City Agreement the Department of Ports and Terminals reserves the right to charge developers of buildings within Battery Park City for use of Marginal Street or other areas, and any such charges shall be the responsibility of Tenant and not of Landlord.

10. Capitalized terms used herein, unless otherwise expressly defined in this letter, shall have the respective meanings ascribed to them in the Lease.

Very truly yours,
Battery Park City Authority

By:_____

Accepted and agreed:
Liberty View Associates L.P.

By:_____

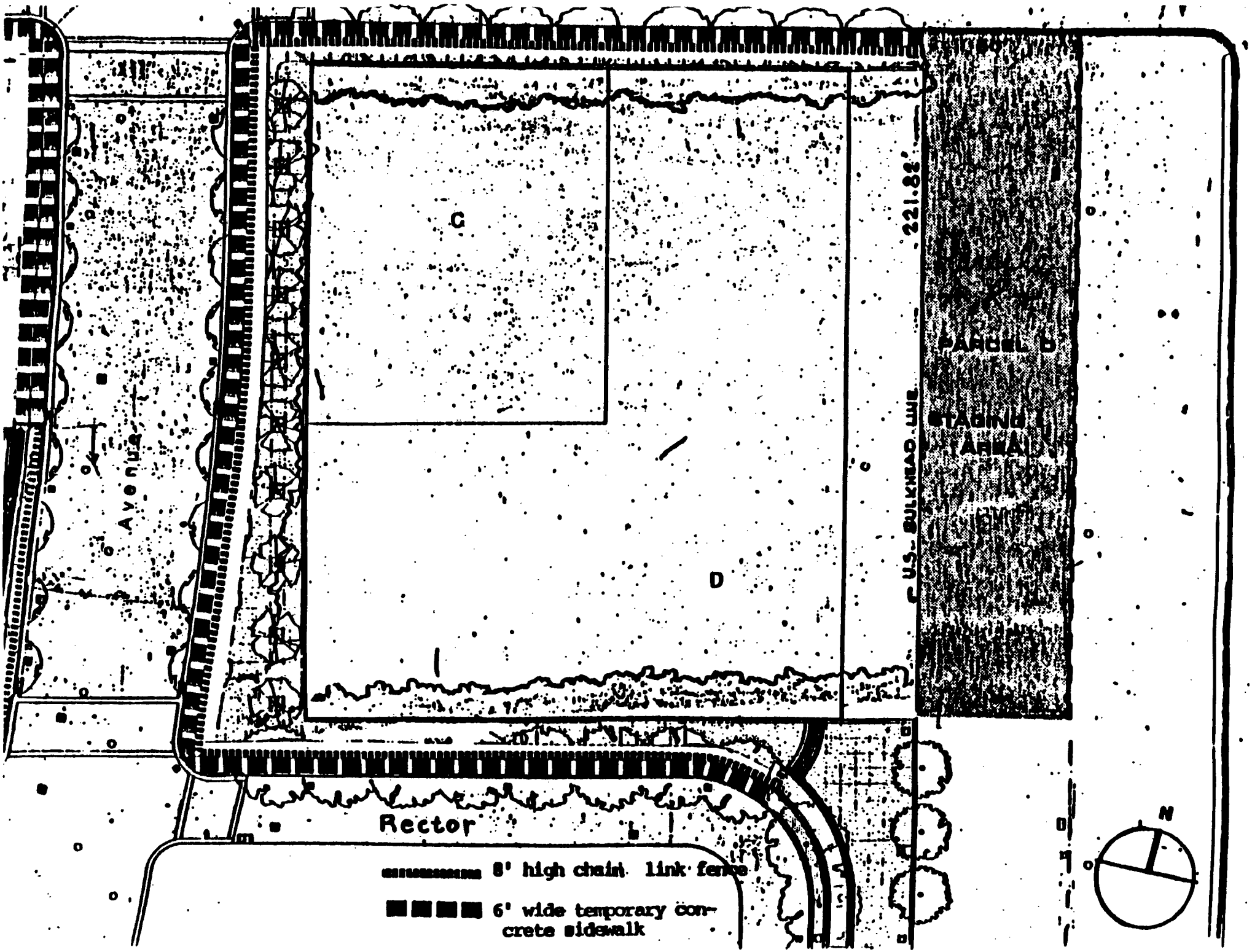

C
D
PARCEL 5
STAGING AREA
U.S. BULKHEAD LINE
221.82'
Avenue
Rector
8' high chain link fence
6' wide temporary concrete sidewalk
N

Exhibit "J"
Preliminary Plans and Specifications

The Preliminary Plans and Specifications consist of 21 pages dated May 22, 1984 including a cover sheet and drawings numbered: 1-10, HV1-4, E2-E4, P1-P4, and include all items except wall treatments for Marginal Street and Albany Street and design of pool structure.