AMENDED AND RESTATED LEASE

among

ROOSEVELT ISLAND OPERATING CORPORATION,

Landlord,

and

NORTH TOWN ROOSEVELT, LLC

Tenant.

Premises

510-580 Main Street
Roosevelt Island
County and State of New York

As of September 21, 2006

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THIS AMENDED AND RESTATED LEASE made as of the 21st day of September, 2006, among ROOSEVELT ISLAND OPERATING CORPORATION (sometimes referred to herein as "RIOC" or "Landlord"), a body corporate and politic constituting a political subdivision of the State of New York and a public benefit corporation having an office at 591 Main Street, Roosevelt Island, New York, New York 10044, and NORTH TOWN ROOSEVELT, LLC (sometimes referred to herein as "North Town" or "Tenant"), a Delaware limited liability company having an office c/o Cammeby's International, Ltd., 45 Broadway, 25th Floor, New York, New York 10006.

WITNESSETH

WHEREAS, by lease dated December 23, 1969, as amended, the City of New York conveyed substantially all of Roosevelt Island to the New York State Urban Development Corporation, d/b/a Empire State Development Corporation ("UDC") for a term of 99 years (as amended, the "Master Lease");

WHEREAS, UDC subleased certain premises on Roosevelt Island to North Town Phase I Houses, Inc. (the "Housing Company") by sublease dated March 15, 1972, recorded in the office of the New York City Register, New York County on August 17, 1973 in Reel 288 at page 1215, which sublease was amended by instrument dated May 6, 1976, recorded in the office of the New York City Register, New York County on October 3, 1980 in Reel 538 at page 1646; which sublease was further amended to release a certain portion of the premises constructed as school buildings, known as Unit B and Unit E, by instrument dated July 31, 1980, recorded in the office of the New York City Register, New York County on April 27, 1981 in Reel 564 at page 85, which sublease was further amended by an Amendment of Lease dated December 31, 2002 (as further amended, the "Eastwood Lease");

WHEREAS, by sublease dated as of January 1, 1976, between the Housing Company, as sublandlord, and UDC, as subtenant (the "Original Commercial Sublease"), the Housing Company leased back certain commercial space at the Premises to UDC;

WHEREAS, the Original Commercial Sublease was terminated simultaneously with the execution of this Lease;

WHEREAS, subsequent to the termination of the Original Commercial Sublease, by sublease dated as of even date herewith, between Tenant, as sublandlord, and Landlord, as subtenant (the "Commercial Sublease"), Tenant leased back certain commercial space at the Premises to Landlord;

WHEREAS, pursuant to Chapter 899 of the Laws of the State of New York of 1984, RIOC, as successor in interest to UDC, assumed all of UDC's rights, title and interest in and under the Master Lease and the Eastwood Lease;

WHEREAS, pursuant to Article 2 of the New York Private Housing Finance Law, the Housing Company entered into a mortgage with UDC ("UDC Mortgage");

WHEREAS, on September 20, 2005, Tenant (i) acquired the Housing Company's leasehold interest in the Eastwood Lease and (ii) paid off the UDC Mortgage in conjunction with the assignment of said mortgage to New York Community Bank (the "First Mortgagee"); and

WHEREAS, RIOC and North Town wish to amend and restate the Eastwood Lease in its entirety.

NOW, THEREFORE, the Eastwood Lease is hereby amended and restated in its entirety as of the Amended Commencement Date to provide as follows:

ARTICLE 1

DEFINITIONS

The terms defined in this Article 1 shall, for all purposes of this Lease and all agreements supplemental hereto, have the meanings herein specified.

"Accounting Principles" shall mean generally accepted accounting principles (GAAP) consistently applied.

"Additional Rent" shall have the meaning provided in Section 3.02.

"Adjusted for Inflation" shall mean adjusted by the inflation rate for an adjustment period commencing on the date of this Lease and ending on the date of the particular event or for such other period that may be provided. The adjustment shall equal the percentage increase, if any, in the Consumer Price Index during the adjustment period.

"Affiliate" shall mean (i) (a) any Person (hereinafter defined) that has, directly or indirectly, an ownership interest in Tenant which allows such Person to control Tenant; or (b) any Person in which Tenant has an ownership interest which allows Tenant to control such Person; and (ii) any individual who is a member of the immediate family (whether by birth or marriage) of an individual who is an Affiliate, which includes for purposes of this definition a spouse; a brother or sister of the whole or half blood of such individual or his spouse; a lineal descendant or ancestor (including an individual related by or through legal adoption) of any of the foregoing or a trust for the benefit of any of the foregoing.

"Alteration" shall have the meaning provided in Section 13.01.

"Amended Commencement Date" shall mean the 21st day of September, 2006.

"Amended Lease Year" shall mean the twelve-month period beginning on the Amended Commencement Date and each successive twelve-month period until the Expiration Date.

"Applicable Law" shall mean any law, ordinance, statute, rule, regulation, zoning or other land use ordinance or variance, or order issued by any Governmental Authority or quasi-Governmental Authority, and applicable to Roosevelt Island (including, without limitation, the GDP, as it may be amended from time to time.

"Architect" shall mean an architect who shall have been approved by Landlord.

"Assignee" shall mean an assignee under an Assignment or a lender under a Refinancing.

"Assignment" shall mean the sale, exchange, assignment or other disposition of all or any portion of Tenant's interest in this Lease or the leasehold estate created hereby (whether by operation of law or otherwise).

"AVAC" shall have the meaning provided in Section 38.01.

"Average Unit Charge" shall have the meaning provided in Section 23.01.

"Base Monthly Room Rate" shall mean the monthly Fixed Additional Rent and Base Rent allocated from time to time to each Unit. The initial Base Monthly Room Rate is set forth on the rent roll referenced in Section 3.02(b) of the Lease.

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

"Base Rent Increase Date" shall have the meaning provided in Section 3.01.

"Bridge" shall mean the Roosevelt Island Bridge which connects Roosevelt Island to the Borough of Queens at 36th Avenue in Queens.

"Building(s)" shall mean all the buildings (including footings and foundations), Equipment, landscaping, utilities and other improvements and appurtenances of every kind and description now located or hereafter erected, constructed, or placed upon the Land, and any and all alterations and replacements thereof, additions thereto and substitutions therefor.

"Business Days" shall mean any day which is not a Saturday, Sunday or a day observed as a holiday by either the State of New York or the federal government.

"Capital Improvement" shall have the meaning provided in Section 13.01.

"Certified Public Accountant" shall mean a public accounting firm with recognized expertise in housing (including governmental supervised housing) reasonably approved by Landlord.

"Commencement Date" shall mean March 15, 1972.

"Community Facilities" shall have the meaning provided in Section 38.05.

"Community Facilities Payments" shall have the meaning provided in Section 36.05.

"Construction Rules and Regulations" shall mean the rules and regulations (a copy of which as currently in effect is attached hereto as Exhibit C), as such may be amended from time to time upon prior written notice to the extent not inconsistent with the terms of this

Lease and which are applicable generally to all occupants of Roosevelt Island (on a non-discriminatory basis).

"Construction Site" shall mean all or any portion of the Premises under construction at any time throughout the Term and all site and utility work on the Premises and any area outside of the Premises that is reasonably adjacent to the area under construction.

"Consumer Price Index" shall mean The Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York-Northern New Jersey-Long Island-NY-NJ-CT area, All Items, 1982=100 or any successor index thereto, appropriately adjusted. If the Consumer Price Index ceases to be published, and there is no successor, and the parties shall fail to agree upon a substitute index within thirty (30) days, or if the parties shall fail to agree upon the appropriate adjustment of such successor or substitute index within thirty (30) days, a substitute index or the appropriate adjustment of such successor or substitute index, as the case may be, shall be determined by arbitration pursuant to Article 34.

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

"Deficiency" shall have the meaning provided in Section 23.03.

"Depository" shall mean Landlord, acting as a fiduciary, or any other Person designated by Landlord with the reasonable approval of Tenant.

"DHCR" shall mean the New York State Division of Housing and Community Renewal or any successor agency thereto.

"Due Date" shall mean, with respect to an Imposition, 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.

"Equipment" shall mean all fixtures incorporated in the Premises, including, without limitation, (i) all machinery, engines, dynamos, boilers, heating and lighting equipment, pumps, tanks, motors, air conditioning compressors, ventilating and communications apparatus, other heating, ventilating and air conditioning equipment, elevators, escalators, incinerators, garbage compactors, antennas, computers, sensors, security systems, and (ii) laundry equipment and refrigerators, stoves, ranges, dishwashers and other major kitchen appliances except to the extent any of the foregoing shall be owned by Subtenants, concessionaires or contractors engaged in maintaining the same.

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

"Event of Default Notice" shall have the meaning provided in Section 23.01.

"Expiration Date" shall mean the 22nd day of December, 2068 (which is one day prior to the expiration of the Master Lease) or on such earlier date upon which this Lease may be terminated as provided herein.

"First Mortgagee" shall mean New York Community Bank for so long as it holds the first lien on Tenant's interest in this Lease or any other Mortgagee who holds the first lien on Tenant's interest in this Lease.

"Fixed Additional Rent" shall have the meaning provided in Section 3.02.

"Fixed Escalation" shall have the meaning provided in Section 3.02.

"GDP" shall mean the General Development Plan now or hereafter affecting Roosevelt Island.

"Governmental Authority (Authorities)" shall mean the United States of America, the State of New York, New York City and any agency, department, corporation, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created, having or exercising jurisdiction over the Premises or any portion thereof.

"HUD" shall mean the United States Department of Housing and Urban Development.

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

"Initial Estimated TEP" shall have the meaning provided in Section 3.05.

"Institutional Lender" shall mean 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, or a savings bank, a savings and loan association, a commercial bank or trust company (whether acting individually or in a fiduciary capacity), an insurance or annuity company organized and existing under the laws of the United States or any state thereof, a real estate investment trust, a Fraternal Benefit Society, religious, educational or eleemosynary institution, a governmental agency, body or entity, an employee, benefit, pension or retirement plan, trust or fund, a commercial credit corporation, an investment bank, a commercial bank or trust company acting as trustee or fiduciary of various pension funds or other tax-exempt funds, any government agency, or a corporation or other entity which is owned wholly by any other Institutional Lender or a subtrustee of any such commercial bank or trust company acting as such trustee, or any combination of the foregoing; provided, that each of the above entities, or any combination of such entities, shall qualify as an Institutional Lender within the provisions of this Section only if each such entity (i) shall have assets of not less than Five Hundred Million ($500,000,000) Dollars, and (ii) shall be subject to: (A) the jurisdiction of the courts of the State of New York; and (B) the supervision of: (1) the Comptroller of the Currency or the Department of Labor of the United States or the Office of Thrift Supervision or the Insurance Department or the Banking Department or the Comptroller of the State of New York, or any successor to any of the foregoing agencies or officials; (2) any agency or official exercising comparable functions on behalf of any other state within the United States; (3) in the case of a commercial credit corporation, the laws and regulations of the state of its incorporation; or (4) any federal, state or municipal agency or public benefit corporation or public authority advancing or insuring mortgage loans or making payments which, in any manner, assist in the financing, development, operation and/or maintenance of improvements.

"Involuntary Rate" shall mean the Prime Rate plus three percent (3%) per annum but, in no event, in excess of the maximum permissible interest rate then in effect in the State of New York.

"Island Services" shall have the meaning provided in Section 38.01.

"Island Services Charge" shall have the meaning provided in Section 38.01.

"Land" shall mean the parcels of land described in Exhibit A.

"Landlord", on the date as of which this Lease is made, shall mean RIOC, but thereafter "Landlord" shall mean only the tenant under the Master Lease at the time in question.

"Landlord Assistance Plan Unit" or "LAP" shall mean a Residential Unit which is subleased to an occupant, who was determined at the time of his or her execution of the sublease to be ineligible to receive federal assistance in the form of a Section 8 enhanced voucher, pursuant to an agreed upon sublease form (the "LAP Lease Form") that provided for rent at less than market value, pre-negotiated annual rent increases and certain renewal rights, all as more fully set forth in the LAP Lease Form.

"Lease" shall mean this Amended and Restated Lease including all Exhibits hereto and all amendments, modifications and supplements thereof.

"Lease Year" shall mean the twelve-month period beginning on the Commencement Date and each succeeding twelve-month period until the Expiration Date.

"Major Sublease" shall mean a Sublease of more than 25% of the Premises

"Major Subtenant" shall mean a Subtenant under a Major Sublease.

"Market Rate Rental Unit" shall mean any Residential Unit which Tenant subleases at fair market value.

"Master Landlord" shall mean the landlord under the Master Lease at the time in question.

"Master Lease" shall mean the Agreement of Lease of Roosevelt Island by and among New York City, UDC, and UDC's subsidiary, Welfare Island Development Corporation, now known as Roosevelt Island Development Corporation, dated December 23, 1969, as heretofore and hereafter amended, modified or supplemented.

"Master Lease Increase Date" shall have the meaning provided in Section 3.01.

"Material Capital Improvement" shall have the meaning provided in Section 13.02.

"Material Restoration" shall have the meaning provided in Section 8.05.

"Minimum TEP" shall have the meaning provided in Section 3.05.

"Mortgage" shall mean any mortgage which constitutes a lien on Tenant's interest in this Lease and the leasehold estate created hereby.

"Mortgagee" shall mean the holder of any Mortgage, including, without limitation, the First Mortgagee.

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

"Ownership Interest" shall mean any right (which right may be evidenced by stock, partnership or membership interest, voting or other trust), to (A) participate in the management of the business of, and/or (B) receive the economic benefit from, any corporation, partnership, limited liability company, joint venture, trust or any other entity.

"Partner Exchange" shall mean the transfer of any equity interest in any Person.

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

"PILOCT" shall have the meaning set forth in Section 3.08.

"Premises" shall mean the Land and Buildings and all easements appurtenant thereto, whether presently existing or hereafter granted, for the benefit of the Land or the Buildings.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A. or its successors at its principal office as its "base rate." Any interest payable under this Lease with reference to the Prime Rate shall be adjusted on a daily basis, based upon the Prime Rate in effect at the time in question, and shall be calculated on the basis of a 360-day year of twelve thirty-day months.

"Public Safety Payments" shall have the meaning provided in Section 38.01.

"Refinancing" shall mean the entering into a loan or similar capital event by Tenant or (i) indirect or direct owner thereof, which loan is secured by their leasehold interest or any part thereof, or any direct or indirect ownership interest of Tenant, including, without limitation, any Refinancing executed in connection with this Lease, or proceeds of any loan arising out of the execution of this Lease.

"Rental" shall have the meaning provided in Section 3.09.

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

"Residential Buildings" shall mean any or all of the Buildings containing Residential Units.

"Residential Units" shall mean the Units in the Residential Buildings.

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

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

"RIOC Act" shall mean Chapter 899 of the 1984 Laws of the State of New York.

"RIOC TEP Share" shall have the meaning provided in Section 3.05.

"Roosevelt Island" shall mean the premises demised under the Master Lease.

"Rules and Regulations" shall mean the rules and regulations, from time to time in effect, issued by Landlord or Landlord's agents and which are applicable generally to all occupants of Roosevelt Island (on a non-discriminatory basis) and do not conflict with this Lease.

"Settlement Agreement" shall mean that certain Agreement dated as of August 26, 2005 by and between Eastwood Building Committee and Tenant's predecessor-in-interest.

"Streets" shall have the meaning provided in Section 36.01

"Subleases" shall have the meaning provided in Section 10.09.

"Substantially all of the Premises" shall have the meaning provided in Section 9.01.

"Subtenants" shall mean the occupants pursuant to Subleases.

"Syndication" or "Syndicate" means (A) if Tenant is a partnership or limited liability company, the admission of additional limited partners or members to Tenant, respectively (including the issuance of additional limited partnership or membership interests in Tenant), or (B) if Tenant is a corporation or other entity, the issuance or sale of additional shares of stock or of treasury shares or other indicia of ownership.

"Tax Equivalency Payment" or "TEP" shall have the meaning provided in Section 3.05.

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

"Tenant", on the date as of which this Lease is made, shall mean North Town Roosevelt, LLC, and thereafter "Tenant" shall mean the holder of the leasehold interest created under this Lease.

"Tenant's Pro Rata Share" shall mean an amount determined by dividing (i) the aggregate number of completed dwelling units in the Premises by (ii) the aggregate number of completed dwelling units on Roosevelt Island from time to time.

"Tenant's Work" shall mean those improvements and services to be performed by Tenant with respect to the Premises, as set forth on Schedule 1, attached hereto.

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

"Title Matters" shall mean the various matters mentioned in Article 2 hereof and set forth in Exhibit B hereto.

"Transaction" shall mean any or all of the following: (i) Assignment, (ii) Refinancing, (iii) Transfer, (iv) Syndication, (v) Partner Exchange, (vi) a Major Sublease, or (vii) receipt by Tenant of insurance or condemnation proceeds in excess of that which is used to Restore the Premises.

"Transaction Payment" shall have the meaning provided in Section 10.05.

"Transfer" means the transfer, sale or assignment of all or any part of the Ownership Interest of, or issuance of additional Ownership Interests in (A) Tenant, or (B) any Person holding, directly or through one or more subsidiaries, any Ownership Interest in Tenant.

"Unavoidable Delays" shall mean (i) with respect to Tenant or its obligations hereunder, delays incurred by Tenant due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Tenant is bound to observe pursuant to the terms of this Lease), enemy action, acts of domestic or international terrorism, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Tenant (but not including Tenant's insolvency or financial condition), construction activities of Landlord or Master Landlord, a work stoppage or slow-down requested by Landlord (subject to the conditions of this Lease) in order not to unreasonably interfere with the work of other developers within Roosevelt Island, which for purposes hereof shall include the construction activities of Landlord, or any other cause arising from Landlord's willful misconduct; and (ii) with respect to Landlord or its obligations hereunder, delays incurred by Landlord due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Landlord is bound to observe pursuant to the terms of this Lease), construction activities of Tenant not in compliance with the terms of this Lease, enemy action, acts of domestic or international terrorism, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Landlord (but not including Landlord's insolvency or financial condition) or any other cause arising from Tenant's willful misconduct; in each case provided such party shall have notified the other party not later than thirty (30) days after such party knows or should have known of the occurrence of same and the occurrence shall be one, the effects of which a prudent Person in the position of the party asserting such delay could not have reasonably prevented.

"Unit" shall mean a portion of the Premises, together with a proportionate undivided interest in the common elements appurtenant to such portion of the Premises.

"Voucher Unit" shall mean a Residential Unit which was subleased to an occupant, who was determined at the time of his or her execution of the sublease to be eligible to receive federal assistance in the form of a Section 8 enhanced voucher, pursuant to an agreed upon sublease form (the "Section 8 Subsidy Lease Form") that provided for limits on the

increases in rents charged and certain renewal rights, all as more fully set forth in the Section 8 Subsidy Lease Form.

ARTICLE 2

PREMISES AND TERM OF LEASE

Landlord does hereby demise and lease to Tenant, and Tenant does hereby let, hire and take from Landlord (a) all that certain plot, piece or parcel of land located in the Borough of Manhattan, County of New York, State of New York, more particularly described in Exhibit A hereto and denominated "Legal Description of Land" thereon, together with all easements and other rights pertaining thereto, whether presently existing or hereafter created, and (b) all Buildings thereon, together with all easements and other rights pertaining thereto, whether presently existing or hereafter created, reserving unto Landlord those reservations set forth in Exhibit A hereto and subject to those easements and other matters set forth in Exhibit B hereto (the "Title Matters").

TO HAVE AND TO HOLD unto Tenant, its successors and assigns, for a term of years (the "Term") which shall commence on the Amended Commencement Date and shall expire on the Expiration Date.

ARTICLE 3

RENT

Section 3.01. Base Rent. Commencing on the Amended Commencement Date, Tenant shall pay to Landlord an annual rent (the "Base Rent") in the amount of Thirty Five Thousand Eight Hundred Forty Three ($35,843) Dollars. Tenant acknowledges that the Base Rent may be paid by Landlord to Master Landlord pursuant to the terms of the Master Lease. The rent payable by Landlord, as lessee under the Master Lease shall increase in 2016 and every ten years thereafter. If on each such date (each, a Master Lease Increase Date"), the rent payable by Landlord as lessee under the Master Lease and allocable to the Premises, as reasonably determined by Landlord (the "Allocable Master Rent") exceeds the sum of (x) Base Rent payable as of such date and (y) Fixed Additional Rent (as defined below) payable pursuant to Section 3.02 as of such date (collectively, the "Total Sub Rent"), then the Base Rent hereunder shall be increased by the amount by which the Allocable Master Rent exceeds the Total Sub Rent.

Section 3.02. Additional Rent.

(a) Commencing on the Amended Commencement Date, Tenant shall pay as additional rent an annual amount equal to One Million ($1,000,000) Dollars, as such amount shall increase pursuant to the terms hereof (the "Fixed Additional Rent"). In addition to the Fixed Additional Rent, all other charges and fees payable to Landlord over and above the Base Rent shall be deemed additional rent (together with the Fixed Additional Rent, the "Additional Rent").

(b) Commencing on the first anniversary of the Amended Commencement Date, and on the first day of each Amended Lease Year thereafter, the Fixed Additional Rent for

each year of the Term shall be increased by an amount equal to the product of (i) the aggregate of the Base Rent and Fixed Additional Rent allocated to each room in each Residential Unit multiplied by (ii) the percentage that the room rent for each Residential Unit increases. The percentage increase per room for each Unit shall be calculated annually (using the percentages shown on Schedule 2 attached hereto) on the anniversary date of the Amended Commencement Date, based on the category in which such Unit falls, on such date, as calculated based on the level of income of the tenants residing at the Premises. Landlord and Tenant acknowledge that each has initialed a rent roll of the Premises as of the date hereof, initially allocating Base Rent and Fixed Additional Rent to each room in each Residential Unit.

(c) On the fifth (5^{th}) year anniversary of the Amended Commencement Date, and on every fifth (5^{th}) year anniversary thereafter, the then existing Fixed Additional Rent shall be increased by an amount equal to ten (10%) percent of the aggregate of the then existing Fixed Additional Rent and then existing Base Rent ("Fixed Escalation").

(d) The Rental set forth in Sections 3.01 and 3.02 shall be payable in equal monthly installments in advance commencing on the Amended Commencement Date and continuing on the first day of each month thereafter during the Term, except that Tenant shall pay the Fixed Additional Rent payment due under Section 3.02(a) that is attributable to the first twelve (12) full months of the Term upon the execution of this Lease (such Fixed Additional Rent payment being in the amount of $1,000,000). If the Amended Commencement Date is not the first day of a calendar month, the Rent for the first (1^{st}) month hereof shall also be paid as of the Amended Commencement Date. The Rent for any Amended Lease Year containing less than twelve (12) months, and any installment of the Rent due for any period of less than a full month at the end of the Term, shall be appropriately apportioned.

(e) Notwithstanding anything to the contrary contained herein, Tenant may, at Tenant's option, offset against the next payment of Rental owed by Tenant to Landlord pursuant to this Lease, amounts that are due to Tenant (in its capacity as sublandlord under the Commercial Sublease) under the Commercial Sublease, but remain unpaid after the expiration of all applicable cure periods under the Commercial Sublease unless Landlord, as subtenant under the Commercial Sublease, has in good faith contested the allocation of TEP or other charges due thereunder, and has paid the uncontested amounts.

Section 3.03. Currency. All Rental shall be payable by check denominated in currency which at the time of payment is legal tender for public and private debts in the United States of America, without notice or demand, 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, or if Landlord shall so direct by notice to Tenant, to Landlord's designated bank account by wire transfer of immediately available federal funds. Any check tendered in payment of Rental shall be drawn on a bank that is a member of the New York Clearing House.

Section 3.04. Net Lease. It is the purpose and intention of Landlord and Tenant, and Landlord and Tenant agree, that Rental shall be absolutely net to Landlord without any abatement, deduction, counterclaim, set-off or offset whatsoever, except as otherwise expressly provided herein, 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, excluding costs, expenses and charges required to be paid by the Subtenant under the Commercial Sublease or Landlord under the Master Lease or any other agreement and not otherwise included herein.

Section 3.05. Tax Equivalency Payments. For each Tax Year or portion thereof within the Term, Tenant shall pay to, or as directed by, Landlord, without notice or demand, an annual sum ("Tax Equivalency Payment" or "TEP") equal to the amount that Landlord is billed by the City of New York or other applicable governmental agency on account of TEP (or any replacement program) pursuant to the terms and conditions of the Master Lease, that is allocable to the Premises, as reasonably determined by Landlord if not separately assessed. Effective March 1, 2006, TEP shall be increased or decreased in accordance with standard assessment practices employed for comparable properties in New York City or other similar method as determined by the City of New York or other applicable governmental agency on account of TEP for the Premises ("Actual Tax Rate"). Tenant shall be fully responsible for payment of TEP which shall not be a credit against Base Rent or Additional Rent or any other amount paid or payable under this Lease:

(a) TEP for the period from the Amended Commencement Date until January 1 following the Amended Commencement Date (to the extent not previously paid) shall be payable on the Amended Commencement Date. Tenant shall receive a credit against said amount to the extent of TEP allocable to such period and previously paid by Tenant. TEP due for any period less than one (1) Tax Year shall be appropriately apportioned. If Tenant is billed directly for TEP it shall provide a copy of said bill to Landlord and evidence of payment thereof prior to its due date, and the terms hereof shall otherwise apply.

(b) Within thirty (30) days after the date on which the City Council of New York City (or any other appropriate governmental agency) shall fix the Actual Tax Rate, Landlord shall advise Tenant of the calculation of the TEP for the forthcoming Tax Year (and if the TEP payments are not separately assessed such calculation will include the basis upon which the allocation has been made). In the event that the City Council (or any other appropriate governmental agency) shall not have fixed the Actual Tax Rate for any Tax Year on or before the fifteenth day of the final month of the immediately preceding Tax Year or Tenant shall not have been provided with the basis upon which the allocation has been made (when not separately assessed) and, therefore, Tenant shall be unable to calculate the TEP for such Tax Year prior to the commencement of such Tax Year, Tenant shall pay TEP based on the prior year's TEP payments, except that commencing March 1, 2006, Tenant shall pay as TEP the annual amount of $4,136,948 (the "Initial Estimated TEP"). In the event the actual stabilized TEP for 2006 at the Actual Tax Rate (the "2006 Actual TEP") is less than the Initial Estimated TEP, then within ten (10) business days after the date on which the Actual Tax Rate shall be determined, Tenant shall pay to Landlord the difference between the Initial Estimated TEP and the 2006 Actual TEP, as Additional Rent (or Landlord shall retain said difference as Additional Rent if it already has been paid to Landlord) and shall pay 2006 Actual TEP in the manner required herein. If the 2006 Actual TEP exceeds the Initial Estimated TEP, Tenant shall pay to Landlord such shortfall within thirty (30) days of Tenant's receipt of a bill therefor.

(c) Tenant shall continue to pay the full amount of TEP required under this Section 3.05, notwithstanding that Tenant may have instituted tax assessment reduction or other

actions or proceedings to reduce the assessed valuation of the Premises or any portion thereof. If any such tax reduction or other action or proceeding applicable to any Tax Year results in a final determination in Tenant's favor: (i) Tenant shall be entitled to a credit against future TEP to the extent, if any, that the TEP previously paid for the Tax Year for which such final determination was made exceeds the TEP as so determined; and (ii) if such final determination is made for the then current Tax Year, future payments of TEP for said Tax Year shall be based on the TEP as so determined. If, at the time Tenant is entitled to receive such a credit, the City of New York is paying interest on refunds of real property taxes assessed against the Premises, Tenant's credit shall include interest at the rate and for the applicable period then being paid by the City of New York. Any credit to which Tenant is entitled, to the extent received by Landlord and not credited to Tenant by the expiration of the Term shall be refunded to Tenant within thirty (30) days of the later of (i) the expiration or earlier termination of the Term or (ii) the receipt by Landlord of such amount to be refunded, provided Tenant is not in default hereunder at said date.

(d) Landlord and Tenant acknowledge and agree that as of the Amended Commencement Date, Landlord is not entitled to receive TEP under the Master Lease. In the event that Landlord receives a portion of the TEP paid by Tenant during the Term, such payments ("RIOC TEP Share") shall not result in any reduction in Rental payments payable by Tenant to Landlord, or in any of Tenant's obligations to Landlord under this Lease. In no event shall the fact that Landlord is receiving the RIOC TEP Share result in any additional increase in TEP payment due from Tenant.

(e) Tenant further acknowledges that if in any tax year actual TEP payments are less than what would have been payable if the Premises were taxed at the Actual Tax Rate in any calendar year, ("TEP Differential") because of negotiations among Landlord and the relevant Governmental Authorities, the entire TEP Differential for such tax year shall be payable by Tenant to Landlord as Additional Rent. Such TEP Differential shall be payable 1/12 per month on the first day of each month and shall be deemed Additional Rent for all purposes. If the TEP Differential is determined after the calendar year has commenced, Tenant shall pay on the first day of the month after the month in which such TEP Differential is calculated an amount equal to $1/12^{th}$ of such TEP Differential multiplied by the number of months in the calendar year for which such TEP Differential has not been paid, plus $1/12^{th}$ of the TEP Differential for such current month.

(f) Landlord and Tenant acknowledge and agree that any statement as to the current or projected future value of the Building or Residential Units and any projection of future Base Rent set forth in any transfer tax return made in connection with entering into this Lease was made solely for purposes of such return and that, in any arbitration, litigation, mediation, appraisal mechanism or proceeding, or other mechanism or proceeding to determine the fair market value of the Premises and/or the Base Rent payable hereunder, such statements and projections shall: (i) not be binding on Landlord or Tenant; (ii) not be introduced into evidence by either party or used for any purpose whatsoever in any such arbitration, litigation, mediation, appraisal mechanism or proceeding, or such other mechanism or proceeding; (iii) have no evidentiary value whatsoever; and (iv) not be furnished to any appraiser, arbitrator, mediator, court or other person involved in making the determination.

(g) All TEP payments shall be made monthly in an amount equal to one twelfth (1/12) of the TEP payment (or estimated payment including, without limitation, the Initial Estimated TEP) due for such Tax Year. If actual TEP is more or less than the estimated payment made, Landlord shall provide a statement to Tenant and either (i) Landlord shall credit any excess payment to the TEP payment next coming due, or (ii) Tenant shall pay to Landlord any shortfall within thirty (30) days of receipt of Landlord's statement. Tenant shall continue to pay one twelfth (1/12) of the TEP based on the last statement it receives until a new statement is delivered. Commencing on the first day of the month following Tenant's receipt of such a new statement, Tenant shall pay one twelfth (1/12) of the estimated TEP as set forth on such statement, and on the first day of such first month, Tenant shall pay a one time payment equal to such one twelfth (1/12) amount multiplied by the number of months then having passed in the tax fiscal year.

Section 3.06. Island Services Charge and Community Facilities Payment. Tenant shall pay to Landlord the Island Services Charge in accordance with the provisions of Section 38.01(b) and the Community Facilities Payment in accordance with the provisions of Section 38.05; provided, however, any payments made with respect to the items set forth in Section 38.01(b), and Sections 38.05 (a), (b), (c), (f), (g) and (h) shall reduce dollar for dollar Fixed Additional Rent payments due hereunder.

Section 3.07. Public Safety Fee. Tenant shall pay its proportionate share of the cost of providing public safety for the island on a monthly basis in accordance with the provisions of Section 38.01(c).

Section 3.08. PILOCT.

(a) With respect to any portion of the Premises owned by Landlord, certain sales and compensating use taxes may not be incurred by Tenant in connection with the purchase of materials incorporated therein, and certain transfer taxes may not be incurred in the event of a Transaction. From and after the Amended Commencement Date, in the event (i) Tenant shall make any Equipment replacement, Restoration or Alteration during the Term the cost of which exceeds $10,000 ("Qualifying Improvement"), (ii) Tenant is entitled to an exemption from certain sales and compensating use taxes that would otherwise be due on such Qualifying Improvement solely by reason of any ownership of the Premises by Landlord and (iii) Tenant does not pay any such taxes as a result of such exemption, Tenant shall pay to Landlord, without notice or demand, as payments in lieu of such sales and compensating use taxes, or transfer taxes, as applicable, a Payment In Lieu of Certain Taxes in the amount ("PILOCT") equal to the dollar for dollar amount by which Tenant would have otherwise been charged by any Governmental Authority at the time of such purchase or Transaction by reason of the ownership of the Premises by Landlord. Tenant shall have no obligation to pay any PILOCT in lieu of any tax with respect to which such tax would not otherwise have been payable by Tenant under Applicable Law regardless of the ownership status of the Premises. Landlord agrees to provide evidence of its tax exemption upon request by Tenant.

(b) In the event Tenant is compelled by any Governmental Authority to pay any such sales or compensating use tax in respect of materials incorporated (or to be incorporated) on the Premises, and/or in the event Tenant is compelled by any Governmental

Authority to pay any such transfer tax in respect of a Transaction, then, provided that Tenant has timely made the PILOCT required herein with respect to such construction or Transaction, Tenant shall receive a credit against the next installment(s) of Rent in an amount equal to the amount of such taxes (including interest and penalties) which Tenant has been compelled to pay, and has paid, (not to exceed the applicable amount paid hereunder by Tenant to Landlord) provided that: (i) Tenant has notified Landlord prior to payment of such taxes and promptly upon receipt of notice of claim that a claim has been made therefor; and (ii) if permitted by applicable law, Landlord has the opportunity to contest the imposition of same provided that neither Tenant's interest in the Premises nor any income derived by Tenant therefrom would, by reason of such contest, be forfeited or lost, or subject to any lien, encumbrance or charge, and Tenant would not by reason thereof be subject to any civil or criminal liability. At Landlord's request, Tenant shall cooperate and assist Landlord's efforts to establish to any Governmental Authority that by reason of Landlord's ownership of the Building, no sales or compensating use tax or transfer tax is payable in connection with the materials incorporated or to be incorporated into the Premises, or in connection with a Transaction, as applicable. If Tenant is required to institute any proceedings against any Governmental Authority to obtain a refund of any sales or compensating use tax paid by Tenant in connection with the materials incorporated into the Premises, Landlord shall pay the reasonable costs of such proceedings promptly after receipt of an invoice therefor and join in the proceedings or bring the proceeding in its own name, provided that the provisions of any law, rule or regulation at the time in effect shall permit that such proceedings be brought in the name of Landlord.

Section 3.09. Rental. All of the amounts payable by Tenant pursuant to this Lease, including, without limitation, Base Rent, Fixed Additional Rent, Additional Rent, TEP Payments, PILOCTs, Impositions, Transaction Payments, and any other sums, costs, expenses or deposits which Tenant in any of the other provisions of this Lease assumes or agrees to pay and/or deposit, shall constitute rental under this Lease (collectively, "Rental"), and, in the event of Tenant's failure to pay Rental beyond any applicable notice and cure period, Landlord (in addition to all other rights and remedies provided herein) shall have all of the rights and remedies provided for by law in the case of nonpayment of rent.

Notwithstanding anything to the contrary contained herein, on or before the date that is sixty (60) days after delivery by Landlord to Tenant of an invoice or statement with respect to Base Rent, Additional Rent or any other charge payable hereunder, Tenant shall have the right to dispute the correctness of such invoice or statement by written notice to Landlord, specifying the particular respects in which such statement is claimed to be incorrect. Pending the determination of such dispute, Tenant shall pay any disputed portion of the relevant payment along with any undisputed portion of the relevant payment in accordance with the terms hereof (and Landlord shall credit any payment to Tenant of the disputed portion, if necessary, within thirty (30) days following the determination of such dispute).

Section 3.10. Payment in Lieu of Mortgage Recording Taxes. From and after the Amended Commencement Date, in the event that Tenant or its lender is entitled to an abatement or exemption of any mortgage recording tax by reason of the ownership of the Premises by Landlord, Tenant would otherwise be required by its lender to pay such mortgage recording tax that would be payable upon recordation of the mortgage and Tenant does not pay any such tax as a result of such abatement or exemption, Tenant shall pay to Landlord as Additional Rent, a

payment in lieu of mortgage recording taxes ("PILOMRT") equal to the mortgage recording taxes that would otherwise have been charged against the Premises if Landlord was not exempt therefrom by reason of its ownership of the Premises. Such payment shall be due and payable on the date such mortgage is executed and delivered by Tenant. Tenant shall have no obligation to pay any PILOMRT in lieu of any tax which would not otherwise have been payable under Applicable Law regardless of the ownership status of the Premises.

Section 3.11. Cooperative or Condominium Conversion.

Tenant may not convert all or any portion of the Premises to a condominium or cooperative or similar structure.

Section 3.12. Allocation of Rent. Landlord and Tenant agree as follows:

(a) The aggregate Rentals for which Tenant is liable on account of the use of the Premises for each monthly period during the Term (the "Allocation Rent") is the amount payable on account of such monthly period pursuant to this Article 3.

(b) True Lease. It is the intent of the Landlord and Tenant and the parties agree that the Lease is a true lease and that the Lease does not represent a financing agreement. Each party shall reflect the transaction represented hereby in all applicable books, records and reports (including income tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

ARTICLE 4

IMPOSITIONS

Section 4.01. Impositions.

(a) Tenant shall pay, as provided in Section 4.01(c), all Impositions that at any time are assessed, levied, confirmed, imposed upon, (i) the Premises, or (ii) the sidewalks or streets in front of or adjoining the Premises, or (iii) any vault, bridge, passageway or space in, over or under such sidewalk or street, or (iv) any other appurtenances of the Premises, or (v) any personal property or other facility used in the operation thereof, or (vi) the Rental (or any portion thereof) payable by Tenant hereunder, or (vii) any document to which Tenant is a party creating or transferring an interest or estate in the Premises, or (viii) the use and occupancy of the Premises, or (ix) this transaction.

(b) Definition.

"Imposition" or "Impositions" shall mean:

(i) real property, general and special assessments (including, without limitation, any special assessments for business improvements or imposed by any special assessment district),

(ii) personal property taxes,

(iii) occupancy and rent taxes,

(iv) water, water meter and sewer rents, rates and charges,

(v) excises,

(vi) license and permit fees,

(vii) any New York City imposed service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply,

(viii) any fines, penalties and other similar governmental charges applicable to the foregoing, together with any interest or costs with respect to the foregoing, and

(ix) any other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind whatsoever, together with any fines and penalties and any interest or costs with respect thereto;

provided, however, notwithstanding anything to the contrary contained herein, the term "Impositions" shall not include (i) any taxes or charges whatsoever covered by Tenant's TEP payments, or (ii) charges imposed by Landlord to the extent they encompass area other than the Premises.

(c) Payments of Impositions. Subject to the provisions of Section 4.06 hereof, Tenant shall pay each Imposition or installment thereof not later than the Due Date thereof. However, if by law, any Imposition, at the taxpayer's option, may 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 Imposition in such installments and shall be responsible for the payment of such installments, and all amounts applicable to the Term with interest.

Section 4.02. Evidence of Payment. Tenant, upon request of Landlord, shall furnish to Landlord, within thirty (30) days after the date when an Imposition is due and payable under this Lease (except that Tenant shall have sixty (60) days in respect of water charges and sewer rents), official receipts of the appropriate taxing authority, or other proof reasonably satisfactory to Landlord, evidencing the payment thereof.

Section 4.03. Credits. Nothing contained in this Lease shall require Tenant to pay municipal, state or federal income, gross receipts, excise, rental, inheritance, estate, succession, excess profit or revenue tax, transfer or gift taxes imposed on Landlord, or any capital levy, transfer or corporate franchise or similar tax imposed upon Landlord, or any mortgage recording taxes or transfer taxes on any Mortgage or similar taxes imposed upon Landlord, or any other tax, assessment, charge or levy payable by Landlord upon the Rental payable by Tenant under this Lease (other than a commercial rent tax).

Section 4.04. Apportionment of Imposition. Except as provided in Section 4.01 hereof, any Imposition, relating to a fiscal period of the taxing authority, a part of which period is

included within the Term and a part of which is included in a period of time after the Expiration Date shall be apportioned between Landlord and Tenant as of the Expiration Date (unless the Expiration Date has occurred as a result of an Event of Default, in which case Tenant is not entitled to repayment for any Imposition paid by Tenant) so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period before the Expiration Date bears to the fiscal period of the taxing authority.

Section 4.05. Right to Contest Impositions.

(a) Tenant, or any Mortgagee shall have the right (upon prior notice to Landlord if the amount being contested exceeds $100,000) at Tenant's or such Mortgagee's 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 shall be postponed if and only as long as:

(i) neither the Premises nor any part thereof, would by reason of such postponement or deferment be, in the reasonable judgment of Landlord, in danger of being forfeited or lost;

(ii) if the amount of the Imposition being postponed exceeds $100,000, Tenant or such Mortgagee, as the case may be, shall have deposited with Landlord or Depository a bond issued by a bonding company reasonably acceptable to Landlord or other security reasonably acceptable to Landlord in the amount so contested and unpaid which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof, 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;

(iii) Landlord is, in Landlord's reasonable judgment, in no danger of being subjected to criminal liability or penalty or civil liability or penalty in excess of the amount for which Tenant has furnished security as provided in Section 5.01 hereof by reason of nonpayment thereof; and

(iv) Such contest does not create any lien or claim upon the Premises, or affect Landlord's ability to sell, finance or otherwise deal with its leasehold interest.

(b) Upon the termination of such proceedings, Tenant shall pay the amount of such Imposition or part thereof as finally determined in such proceedings which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof, the payment of which may have been deferred during the prosecution of such proceedings, together with any actual reasonable costs, fees (including attorneys' fees and disbursements), interest, penalties or other liabilities in connection therewith, and upon such payment, Landlord or Depository shall return, without interest, any security deposited with it with respect to such Imposition as aforesaid; provided, however, that Landlord or Depository, at Tenant's or such Mortgagee's request, or upon Tenant's and such Mortgagee's failure to so request in a timely manner, at Landlord's request, shall disburse any moneys on deposit with it directly to the imposing authority to whom such Imposition is payable. If at any time during the continuance of such proceedings Landlord in its reasonable judgment shall deem the amount of security deposited as aforesaid insufficient,

Tenant or any Mortgagee, as the case may be, within ten (10) days after demand, shall make an additional deposit of such additional sums or other acceptable security as Landlord reasonably may request, and upon failure of Tenant or any Mortgagee, as the case may be, to do so, the security theretofore deposited, together with any interest thereon, may be applied by Landlord to the payment, removal and discharge of such Imposition which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof and the interest and penalties in connection therewith and any costs, fees (including attorneys' fees and disbursements) or other liability accruing in any such proceedings, and the balance, if any, shall be returned to Tenant or any Mortgagee, as the case may be, or the deficiency, if any, which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof shall be paid by Tenant or any Mortgagee, as the case may be, to Landlord within ten (10) days after demand. Nothing contained in this Section 4.05 or elsewhere in this Lease shall be deemed to limit Tenant's obligation to make the deposits provided for in Article 5 hereof. Tenant shall keep Landlord advised of the status of such contest from time to time, and upon Landlord's request.

Section 4.06. Landlord Participation in Contest Proceedings. Landlord shall not be required to join in any proceedings referred to in Section 4.05 hereof unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event, Landlord shall join and reasonably cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Landlord, within thirty (30) days after demand for any and all costs or expenses which Landlord may reasonably sustain or incur in connection with any such proceedings. In the event Tenant institutes a proceeding referred to in Section 4.05 hereof and no law, rule or regulation in effect at the time required that such proceeding be brought by and/or in the name of Landlord, Landlord nevertheless shall cooperate with Tenant in such proceeding; provided that Tenant shall, at Landlord's election, either directly pay Landlord's costs and expenses incurred in connection with such proceeding or promptly reimburse Landlord for such costs and expenses which reimbursement shall be deemed to be Rental. If the provisions of such law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Master Landlord, Landlord shall use its commercially reasonable efforts to cause Master Landlord to join and cooperate in such proceedings or permit the same to be brought in the name of Master Landlord, provided neither Landlord nor Master Landlord shall be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Landlord and Master Landlord for any and all costs and expenses which Landlord and Master Landlord, as applicable, may reasonably sustain or incur in connection with any such proceedings provided, however, if Landlord is Master Landlord, Landlord shall so join and cooperate in such proceedings or permit the same to be brought in its name.

Section 4.07. Evidence of Non-Payment. Any certificate or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition, of 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 or bill, at the time or date stated therein.

ARTICLE 5

LETTER OF CREDIT

Section 5.01. Letter of Credit. (a) Tenant shall deliver to Landlord, as security for the performance of Tenant's obligations under Article 19 of this Lease, an unconditional, irrevocable letter of credit in the amount of $750,000.00, in a form and issued by a bank satisfactory to Landlord (the "Letter of Credit"). The Letter of Credit shall provide that it is drawable upon a bank in New York City, at sight, upon Landlord's demand, along with a statement signed by an authorized signatory of Landlord stating the amount being drawn and that such amount is due Landlord pursuant to Article 19 of this Lease, and without further evidence, and that it is assignable by Landlord without charge and shall: (A) expire on the date which is sixty (60) days after the earlier of (i) the tenth (10^{th}) annual anniversary of the Amended Commencement Date and (ii) the expiration or earlier termination of this Lease (the "LC Date"); or (B) be automatically self-renewing until the LC Date. Partial draws shall be permitted. If any Letter of Credit is not renewed at least forty-five (45) days prior to the expiration thereof or if Tenant holds over in the Premises without the consent of Landlord after the expiration or termination of this Lease, Landlord may draw upon the Letter of Credit and hold the proceeds thereof as security for the performance of Tenant's obligations under Article 19 hereof. Landlord may draw on the Letter of Credit (or the proceeds thereof) to remedy defaults by Tenant in the payment or performance of any of Tenant's obligations under Article 19 hereof beyond any notice and cure periods. Any proceeds of a Letter of Credit, shall, until applied, be deemed a security deposit. Any security deposit shall be held by Landlord in a bank or other institution of its selection, unsegregated from other funds of Landlord, and Tenant shall not be entitled to any interest thereon, except in each case to the extent otherwise required by Applicable Law. In such event any permitted fees or deduction payable to Landlord by Applicable Law shall be so payable by Tenant, or at Landlord's election, recoverable from the security deposit. Application of proceeds of a Letter of Credit shall not be a bar against pursuant by Landlord of any other remedy permitted under this Lease.

(b) Provided that no Event of Default exists and no Defaults exists on the LC Date: (i) Landlord shall return to Tenant the Letter of Credit (or the proceeds thereof) then held by Landlord; or (ii) if Landlord shall have drawn upon such Letter of Credit (or the proceeds thereof) to remedy defaults by Tenant under Article 19 hereof, Landlord shall return to Tenant that portion, if any, of the proceeds of the Letter of Credit remaining in Landlord's possession. If an Event of Default or a Default exists on the L/C Date, Landlord shall return the Letter of Credit (and any portion of the proceeds thereof drawn but unused) on such date after the L/C Date as Tenant cures the Event of Default or Default.

(c) In the event no claims have been made by any Person relating to this Lease and its compliance with any Requirements or agreements, and no Event of Default or Default is then existing, commencing on the third (3^{rd}) anniversary of the Amended Commencement Date, and on each annual anniversary date thereafter until and including the seventh (7^{th}) annual anniversary of the Amended Commencement Date, Tenant may deliver to Landlord, an amendment to the Letter of Credit (in form and substance reasonably satisfactory to Landlord), reducing its face amount by $50,000. In no event shall the Letter of Credit ever be reduced below $500,000. In no event shall the Tenant be entitled to any reduction during the

period when any claim has been made against Landlord relating to this Lease, or during the continuance of any Default or Event of Default. Landlord agrees to cooperate with Tenant to effectuate the foregoing reductions (if Tenant is entitled thereof), including by cooperating to allow for a substitute Letter of Credit to be issued, but Landlord shall not be obligated to release any existing Letter of Credit without concurrent receipt of a new Letter of Credit in compliance with the terms hereof and reasonably satisfactory to Landlord. If a reduction is not permitted because of a Default or Event of Default, Tenant may proceed to effect the reduction to which it is otherwise entitled herein, once such Default or Event of Default is cured.

ARTICLE 6

LATE CHARGES

In the event that any payment of Rental or any portion thereof shall become overdue for ten (10) days beyond the date on which it is due and payable as in this Lease provided, such overdue amount shall bear interest at the Involuntary Rate from the date due until paid and said late charges shall be payable by Tenant, within twenty (20) days after demand. No failure by Landlord to insist upon the strict performance by Tenant of Tenant's 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 in Article 25 of this Lease.

ARTICLE 7

INSURANCE

Section 7.01. Insurance Requirements.

(a) From and after the Amended Commencement Date, Tenant, at its sole cost and expense, at all times during the Term shall:

(i) keep or cause to be kept the Premises insured under an "All Risk of Physical Loss" form of policy (as in effect from time to time) including, without limitation, coverage by the usual extended coverage and "all risk" endorsements for loss or damage by acts of terrorism, water, flood, subsidence and earthquake, such insurance to be in an amount sufficient to prevent Landlord and Tenant from becoming co-insurers under provisions of applicable policies of insurance, but in any event in an amount not less than one hundred percent (100%) of the full insurable value thereof (i.e., actual replacement value including the cost of debris removal but excluding foundations and excavation), such insurable value to be determined from time to time, but not more frequently than once in any twenty-four (24) consecutive calendar months, at the request of Landlord, by one of the insurers or, at the option of Landlord, by an appraiser, architect or contractor chosen by Landlord and approved by Tenant, which approval shall not be unreasonably withheld;

(ii) provide and keep in force insurance against liability for bodily injury and death and property damage and boiler explosion insurance (should steam boilers be installed), it being agreed that all such insurance shall be in such amounts as may from time to time be reasonably required by Landlord, that such liability insurance shall be comprehensive general public liability insurance containing the so-called "occurrence clause", that it shall include specifically the Premises and all areas, including sidewalks, adjoining or appurtenant to the Premises, and that

(x) the insurance against liability for injury and death shall be not less than Five Million Dollars ($5,000,000) combined single limit of liability for bodily injury and/or property damage, and

(y) the boiler explosion insurance (should steam boilers be installed) shall be in an amount not less than one Million Dollars ($1,000,000) and shall be in such form as Landlord may reasonably require;

(iii) provide and keep, or require to be provided and kept, in force worker's compensation insurance providing statutory New York State benefits for all persons employed by Tenant at the Premises;

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

(v) provide and keep in force such other insurance in such amounts as may from time to time reasonably be required by Landlord against such other insurable hazards as at the time are commonly insured against in the case of premises similarly situated.

(b) From and after the Amended Commencement Date, Tenant, at its sole cost and expense, at all times during the remaining Term shall provide and keep in force rent insurance with "all risk" coverage in an amount equal to one (1) year's current Base Rent.

(c) All insurance provided by Tenant, as required by this Section 7.01, shall be carried in favor of Landlord, Tenant, Roosevelt Island Development Corporation (if so requested by Landlord) and Master Landlord, as their respective interests may appear, and the coverage provided by Tenant as required by Section 7.01(a)(i) hereof also shall name each Mortgagee as an insured under a standard mortgagee clause.

Section 7.02. Application of Proceeds and General Requirements Applicable to Policies.

(a) The loss under all policies required by any provision of this Lease insuring against damage to the Premises by fire or other casualty shall be payable to Tenant, as trustee, if the amount thereof is less than One Million Dollars ($1,000,000), or to Depository, if the amount thereof is One Million Dollars ($1,000,000) or more. Such amount shall be Adjusted for

Inflation. If a loss shall be payable to Tenant, as trustee as aforesaid, Tenant shall (i) hold such proceeds, in trust, for the purpose of paying the cost of the Restoration of the Premises by Tenant and (ii) apply the same first to the payment of the Restoration before using any part of the same for any other purpose. Rent insurance required by any provision of this Lease shall be carried in favor of Landlord, Tenant and Master Landlord, as their respective interests appear, but the proceeds thereof shall be paid to Depository and shall be applied to the Rent payable by Tenant under this Lease until Restoration of the Premises is completed.

(b) All casualty insurance policies as required by this Lease shall provide that all adjustments for claims with the insurers in excess of One Million Dollars ($1,000,000) shall be made with Landlord and Tenant and with First Mortgagee (to the extent required by the terms of the first mortgage). If the First Mortgagee is not required to approve any adjustment, any adjustment of proceeds in excess of $1,000,000 shall be jointly approved by Landlord and Tenant prior to Settlement. Landlord and Tenant agree to use commercially reasonable efforts to appropriately settle insurance claims in a commercially reasonable manner.

(c) All proceeds in excess of One Million Dollars ($1,000,000) shall be paid to Depository and applied as set forth in Article 8.

(d) All insurance required by any provision of this Lease shall be subject to Landlord's reasonable approval in order to determine if such insurance complies with the requirements of this Lease, and shall be in such form and shall be issued by such responsible companies authorized to do business in the State of New York as are reasonably acceptable to Landlord and Master 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, to the extent available. Copies of the originals of such policies shall be delivered to Landlord after receipt from the insurance company or companies together with proof that the full premiums have been paid (if requested by Landlord). Tenant shall deliver renewal policies replacing any policies expiring during the Term or duplicate copies thereof (or insurance certificates evidencing such coverage), to Landlord at least ten (10) days before the date of expiration of the applicable insurance policies, together with proof that the full premiums have been paid (if requested by Landlord). 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 on or canceling the policies, provided, however, that premiums may be paid in annual installments. All policies of property damage shall name Landlord as the loss payee (subject to the rights of any Mortgagee). All policies of liability insurance, and any other insurance required herein, shall to the extent applicable, name Landlord, Master Landlord, and any other party Landlord directs, as additional insureds.

(e) Tenant and Landlord shall cooperate in a prompt manner in connection with the collection of any insurance moneys that may be due in the event of loss and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments which may be required for the purpose of obtaining the recovery of any such insurance moneys.

(f) Tenant shall not carry 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 a named insured and

each Mortgagee is included as an additional insured with loss payable as provided in this Lease. Tenant immediately shall notify Landlord of the carrying of any such separate insurance and shall cause the policies therefor or certificates thereof to be delivered as required in this Lease. Landlord shall not carry 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 to the Mortgagee; provided, however, that Landlord shall have the right, at its own expense, to carry separate insurance which is not concurrent in form or not contributing in the event of loss with that required to be furnished by Tenant.

(g) All rent insurance shall provide in substance that all adjustments for claims with the insurers in excess of One Million Dollars ($1,000,000) shall be made with Landlord and Tenant as their interests may appear (and with First Mortgagee (to the extent required by the terms of the first mortgage)). If the First Mortgagee is not required to approve any adjustment, any settlement of proceeds in excess of $1,000,000 shall be jointly approved by Landlord and Tenant prior to Settlement. Landlord and Tenant agree to use commercially reasonable efforts to appropriately settle insurance claims in a commercially reasonable manner.

(h) Tenant shall not violate or permit to be violated any of the conditions or provisions of any such policy, and Tenant shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies.

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

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

(k) Notwithstanding anything to the contrary contained herein, in no event shall Landlord be entitled to any of the proceeds of any personal property insurance carried by Tenant.

Section 7.03. Blanket and/or Umbrella Policies. The insurance required by this Lease, at the option of Tenant, may be effected by blanket and/or master or umbrella policies issued to Tenant insuring Landlord and Tenant, as their interests may appear, and covering the Premises and other properties owned or leased by Tenant or Affiliates of Tenant, provided that the policies otherwise comply with the provisions of this Lease and allocate to the Premises (to the extent the policy could otherwise be reduced below the amounts required herein by virtue of events unrelated to the Premises) the specified coverage, 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 materially adversely affected by any such blanket, master, or umbrella policies, Tenant shall furnish to Landlord certified copies or duplicate originals of such policies in place of the originals, or certificates of insurance in each case, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Premises. Landlord agrees that such policies or certificates of insurance in each case shall not be furnished or disclosed to anyone except as required by the Master Lease, law or any order of a court of competent jurisdiction.

Section 7.04. Compliance with Master Lease, Etc. Anything contained in this Article 7 to the contrary notwithstanding, Tenant shall provide such insurance as shall be sufficient to comply with the requirements of the Master Lease prorated as applicable to the Premises.

ARTICLE 8

USE OF INSURANCE PROCEEDS

Section 8.01. Notice. If all or any part of any of the Buildings 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 repairs, alterations, restorations, replacements and rebuilding (collectively, "Restoration") shall be less than One Million Dollars ($1,000,000) Adjusted for Inflation (from the Amended Commencement Date to the date of such event).

Section 8.02. Obligation to Restore. Tenant, at its sole cost and expense, whether or not the damage or destruction referred to in Section 8.01 shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the Restoration and whether or not any Mortgagee shall permit such insurance proceeds to be used for the Restoration, promptly shall repair, alter, restore, replace and rebuild (collectively, "Restore") the same, so as to make the Buildings at least as nearly as possible equal to the condition, quality, character and class of the Buildings existing immediately prior to such occurrence with such changes or alterations as Tenant, with the prior consent of Landlord as may be required under Article 13 hereof, shall elect to make, and Landlord, in no event, shall be called upon to Restore any Buildings now or hereafter existing or any portion of any thereof or to pay any of the costs or expenses thereof. If Tenant shall fail or neglect to Restore with reasonable diligence the Buildings or the portion of any thereof so damaged or destroyed, or having so commenced such Restoration shall fail to complete the same with reasonable diligence in accordance with the terms of this Lease, or if prior to the completion of any such Restoration by Tenant, this Lease shall expire or be terminated by reason of an Event of Default, Landlord may complete the same at Tenant's

expense. All such Restoration work shall be done in accordance with the provisions of this Lease. Notwithstanding the foregoing and provided no Event of Default has occurred hereunder, if all or any part of any of the Buildings shall be destroyed or damaged in whole or in part by fire or other casualty during the last five (5) years of the Term, and, if the estimated cost of Restoration of any one or more of the Buildings exceeds Two Million Dollars ($2,000,000) Adjusted for Inflation (to the date of such casualty), Tenant may notify Landlord by notice given not later than the ninety (90) days following such fire or other casualty that it elects to terminate the Lease in which case this Lease shall terminate upon the date set forth in Tenant's notice (which shall not be more than ninety (90) days from the date of delivery of Tenant's notice).

Section 8.03. Payment Method.

The terms of this Section 8.03 shall apply to any Restoration, the cost of which exceeds $1,000,000 and for which monies have been deposited with Depository.

(a) Subject to the provisions of this Section 8.03 and Sections 8.04 and 8.06 hereof, Depository shall pay over to Tenant from time to time (not to exceed one (1) time in any one-month period), upon the terms set forth below, any moneys which may be received by Depository from insurance provided by Tenant, other than rent insurance, but in no event to any extent or in any sum exceeding the amount actually collected by Depository upon the loss after reimbursing itself therefrom, as well as Landlord, Tenant and Master Landlord, to the extent, if any, of the necessary and proper expenses paid or incurred by Depository, Landlord, Tenant and Master Landlord in the collection of such moneys. Depository shall pay to Tenant, as hereinafter provided, the aforesaid insurance proceeds, for the purpose of Restoration to be made by Tenant to Restore the Buildings as provided for in this Lease.

(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 architect or contractor approved by Landlord, which approval shall not be unreasonably withheld. Such insurance moneys 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 (with a copy to Depository) showing the cost of labor and materials incorporated in the Restoration, or incorporated therein since the last previous application. 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 is filed against Landlord or any asset of or fund appropriated to Landlord, and which lien was created or permitted to be created by Tenant and arose from Restoration except such as will be discharged upon payment of the installment which is then the subject of an application, Tenant shall not be entitled to receive any further installment until such lien is satisfied, otherwise discharged or the collection of which from the Premises is bonded or insured against by a title insurance company reasonably satisfactory to Landlord.

(c) The amount of any installment to be paid to Tenant shall be such proportion of the total insurance moneys received by Depository that is equal to the proportion which the cost of labor and materials theretofore incorporated by Tenant in the Restoration bears to the total estimated cost of the Restoration by Tenant, less (i) all payments theretofore made to Tenant out of said insurance proceeds, and (ii) ten percent (10%) of the amount so determined

for the first fifty percent (50%) of the Restoration, and five percent (5%) of each disbursement thereafter.

(d) Upon completion of and payment for the Restoration by Tenant, the balance of any and all insurance proceeds held by Depository, subject to the rights of Mortgagee, shall be paid over to Tenant. If the insurance proceeds are insufficient for the purpose of paying for the Restoration (or if there shall be no insurance proceeds), Tenant shall nevertheless be required to make the Restoration and provide the deficiency in funds necessary to complete the Restoration as provided in Section 8.06 hereof.

(e) Notwithstanding the foregoing, if Landlord makes the Restoration at Tenant's expense as provided in Section 8.02 hereof, then Depository shall pay over to Landlord, upon request, all moneys which may be received by Depository from insurance provided by Tenant, and, upon completion and payment for the Restoration, the balance of any and all insurance proceeds then held by Landlord, subject to the rights of the Mortgagee, shall be paid over to Tenant. Upon completion of the Restoration, Landlord shall deliver to Tenant a certificate, in reasonable detail, setting forth the expenditures made by Landlord for such Restoration.

Section 8.04. Conditions Precedent to Disbursements. The following shall be conditions precedent to each payment made to Tenant as provided in Section 8.03 above:

(a) Certificate of Architect. There shall be submitted to Depository and Landlord the certificate of an architect reasonably acceptable to Landlord stating (i) that the sum then requested to be withdrawn either has been paid by Tenant and/or is justly due to contractors, subcontractors, materialmen, engineers, architects or other Persons (whose names and addresses shall be stated), who have rendered or furnished certain services or materials for the work and, for purposes of Landlord's information, giving 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 is being made the basis, in any previous or then pending request by such architect, for the withdrawal of insurance money or (to the best knowledge of such architect) has been made out of the proceeds of insurance received by Tenant previously pursuant to the provisions of this Article 8; (iii) that the sum then requested does not exceed that portion of the contract attributable to the services performed and materials provided, as described in the certificate and attaching invoices for all such equipment and labor; (iv) that the work has been performed in accordance with the plans and specifications for such Restoration; (v) that the total insurance proceeds received by the Depository and available to Tenant for such Restoration will be sufficient to complete the Restoration in accordance with the plans and specifications; and (vi) in the case of the final payment to Tenant, that the Restoration has been completed in accordance with the plans and specifications. Such certificate shall be accompanied by lien waivers or releases from each vendor, contractor, subcontractor and materialman who has supplied labor or equipment to the Restoration and which had been the subject of a prior request for disbursement.

(b) Certificate of Title Insurance. There shall be furnished to Landlord an official search, or a certificate of a title insurance company 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 created or permitted to be created by Tenant arising from Restoration and affecting Landlord or the assets of or funds appropriated to Landlord, which has not been discharged of record, except such as will be discharged upon payment of the amount then requested to be withdrawn or which has been bonded or as to which such title insurance company shall insure against collection of the same out of the Premises.

(c) No Default. At the time of making such payment, Tenant shall not be in Default in the payment of Rental and there is no existing and uncured Event of Default on the part of Tenant under Article 24 hereof.

Section 8.05. Material Restoration. If any loss, damage or destruction occurs to the Buildings which would cost in excess of One Million Dollars ($1,000,000) Adjusted for Inflation (from the Amended Commencement Date to the date of such event) in the aggregate to Restore (a "Material Restoration"), Tenant shall furnish to Landlord the following:

(i) at least twenty (20) days before the commencement of any work necessary for a Material Restoration, all plans and specifications for the Material Restoration prepared by an architect whose qualifications shall meet with the reasonable satisfaction of Landlord and which plans and specifications shall meet with the reasonable approval of Landlord, together with any required approval of, and permits issued by any Governmental Authority then exercising jurisdiction with regard to such work, plans and specifications, which plans and specifications shall be and become the sole and absolute property of Landlord in the event that for any reason this Lease shall be terminated (Landlord shall not unreasonably refuse to join in or otherwise cooperate in the application for any approval required hereunder, provided such application is made without cost or expense to Landlord);

(ii) at least ten (10) days before the commencement of any work necessary for a Material Restoration, a stipulated sum contract, unless relative cost or efficiency justifies another form of contract, or construction management agreement, reasonably satisfactory to Landlord, in form assignable to Landlord (subject to any prior assignment to any Mortgagee), made with a reputable and responsible contractor approved by Landlord, which approval shall not be unreasonably withheld, providing for (x) the completion of the Material Restoration in accordance with said plans and specifications, and (y) payment and performance bonds in forms and amounts (not to exceed the cost of construction less the amount of insurance proceeds, if any, held by Depository, net of its reasonable out-of-pocket expenses as provided in Section 8.03) and by sureties reasonably satisfactory to Landlord, naming the contractor as obligor and Landlord and Tenant and each Mortgagee, if applicable, as obligees or, in lieu thereof, such other security reasonably satisfactory to Landlord; and

(iii) at least ten (10) days before the commencement of any work necessary for a Material Restoration, an assignment to Landlord (subject to any prior assignment to any Mortgagee), of the contract so furnished and the bonds or other security provided thereunder, such assignment to be duly executed and acknowledged by Tenant and by its

terms to be effective upon any termination of this Lease or upon Landlord's re-entry upon the Premises following an Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all payments made on account of said contract including payments made prior to the effective date of such assignment.

Section 8.06. Tenant Deficiency Deposit. If the estimated cost of any Restoration required by the terms of, or made pursuant to, this Article 8 exceeds the net insurance proceeds, then prior to the commencement of any such Restoration, or at any time after commencement of such Restoration if it is reasonably determined by Landlord that the cost to complete such Restoration exceeds the unapplied portion of the funds held by Depository, Tenant shall, within thirty (30) days of Landlord's request, 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 8.03 hereof.

Section 8.07. Non-Effects of Casualty. This Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable hereunder, by reason of damage to or total, substantial or partial destruction of any of the Buildings 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 Tenant, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender any part of the Premises therefor. Tenant expressly agrees that its obligations hereunder, including the payment of Rental by Tenant hereunder, shall continue as though the Buildings had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind by reason of such damage or destruction. The existence of any present or future law notwithstanding, Tenant waives all rights to quit or surrender all or any part of the Premises by reason of any casualty whatsoever to the Premises. It is the intention of Landlord and Tenant that the foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York. Nothing in this Section 8.07 shall be deemed to reduce or limit Tenant's rights under Article 33 hereof.

ARTICLE 9

CONDEMNATION

Section 9.01. Substantial Taking.

(a) Effect of Substantial Taking. 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 hereby granted shall terminate and expire on the date of such taking and the Rental payable by Tenant hereunder shall be apportioned and paid to the date of such taking. Except as provided in Section 9.04 and 9.05 hereof, in the event of a taking which is less than the whole or substantially all of the Premises, this Lease and the Term shall continue without abatement of the Rental or diminution of any of Tenant's obligations hereunder.

(b) Substantiality Defined. 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 would not under economic conditions, applicable zoning laws, building regulations then existing or prevailing and after performance by Tenant of all covenants, agreements, terms and provisions contained herein or by law required to be observed or performed by Tenant, permit the Restoration of the Buildings thereon so as to constitute a complete, rentable building or buildings capable of producing a proportionately fair and reasonable net annual income. The average net annual income (as reasonably determined by Landlord and Tenant) produced by the Buildings on the portion of the Premises so taken during (i) the period commencing on the Amended Commencement Date and ending on the last anniversary of that date which preceded the taking, or (ii) the five (5) year period immediately preceding such taking, whichever is longer, shall be deemed to constitute a fair and reasonable net annual income for the purpose of determining what is a fair and reasonable net annual income. If there be any dispute as to whether or not "substantially all of the Premises" has been taken, such dispute shall be resolved by a court of law.

(c) Allocation of Proceeds. If the whole or substantially all of the Premises shall be taken or condemned as provided in Section 9.01(a) hereof, then the proceeds of the condemnation award shall be payable, after payment to Landlord, Tenant and Master Landlord of all necessary and proper expenses incurred in the collection of such award, as follows: (i) to Master Landlord for amounts due under the Master Lease, if any, (ii) to the Mortgagee who holds the first lien on Tenant's interest in this Lease, so much of the balance of such award as shall equal the then unpaid principal balance of such Mortgage with unpaid interest thereon at the rate specified therein to the date of such payment, (iii) to Landlord for or attributable to the value of Landlord's interest in the Premises under the Master Lease and this Lease, and (iv) subject to the rights of any Mortgagee, the balance of the award, if any, to Tenant. Each of the parties shall execute any and all documents that may be required in order to facilitate collection by them of such awards. Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

Section 9.02. Date of Taking. For purposes of this Article 9, the date on which a taking shall occur 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. Condemnation Near End of Term. If, during the last five (5) years of the Term, less than substantially all of the Premises shall be taken or condemned and, if the estimated cost of Restoration of any one or more of the Buildings exceeds Two Million Dollars ($2,000,000) Adjusted for Inflation (to the date of such taking) or $500,000 in the last two (2) years, Tenant may notify Landlord by notice given not later than the sixtieth (60th) day following such taking that it elects to terminate the Lease in which case this Lease shall terminate upon the date set forth in Tenant's notice (which shall not be more than ninety (90) days from the date of delivery of Tenant's notice.

Section 9.04. Less Than A Substantial Taking. In the event of a taking which is less than substantially all of the Premises, Tenant, at its sole cost and expense, whether or not the award or awards, if any, shall be sufficient for Restoration and whether or not any Mortgagee shall permit the award or awards to be used for such Restoration, shall proceed diligently (subject to Unavoidable Delays) to Restore any remaining part of the Buildings not so taken, so that the latter shall be complete, rentable, self-contained architectural units in comparable condition and repair as required for such part of the Buildings immediately prior to the taking pursuant to the terms of this Lease. In such event, this Lease shall continue in full force and effect and all Rental due and payable by Tenant hereunder shall not be reduced or abated. If a portion of any Building is taken, however, such that rental income from Subtenants is reduced, the Rental shall be proportionately reduced from the date of taking. In the event of any taking or condemnation as in this Section 9.04 provided, then the entire award, i.e., the aggregate of the separate awards to Landlord and Tenant, as the case may be, shall be paid to Depository. Prior to paying over any proceeds of the award, Depository shall be entitled to reimburse itself therefrom, as well as Landlord, Tenant and Master Landlord, to the extent, if any, of the necessary and proper expenses paid or incurred by Depository, Landlord, Tenant and Master Landlord in the collection of such proceeds. Depository shall pay over the balance of the proceeds of the condemnation award as follows:

(i) first, to Tenant to the extent of any portion of the award as may be necessary to pay the cost of Restoration of the parts of the Buildings remaining,

(ii) second, to Master Landlord for amounts due under the Master Lease, if any,

(iii) third, to the Mortgagee who holds the first lien on Tenant's interest in this Lease, if any, in an amount equal to the then unpaid principal balance of such Mortgage with unpaid interest thereon at the rate specified therein to the date of such payment,

(iv) fourth, to Landlord for or attributable to the value of Landlord's interest in the Premises under the Master Lease and this Lease, and

(v) fifth, subject to the rights of any Mortgagee, the balance of the award, if any, to Tenant. Such Restoration shall be done in accordance with and subject to the provisions of Articles 8, 11 and 12 hereof. Payments to Tenant as aforesaid shall be disbursed in the manner set forth in Article 8 hereof. If there be any dispute as to the division of the award, such dispute shall be resolved by the appropriate court of law having jurisdiction thereof, each party to be responsible for its own expenses incurred in connection with any such litigation. Each of the parties shall execute any and all documents that may be required in order to facilitate collection by them of their respective awards. If the portion of the award made available by Depository, as aforesaid, is insufficient for the purpose of paying for the Restoration, Tenant shall be required nevertheless to make the Restoration and pay any additional sums required for the Restoration. Anything contained in this Section 9.04 to the contrary notwithstanding, if the entire award as described above is less than One Million Dollars ($1,000,000) (as such amount shall be increased as provided in Section 7.02(a)), such award shall be paid to Tenant, as trustee, and Tenant covenants and agrees that (a) it shall hold such award, in

trust, for the purpose of paying the cost of the Restoration of the Premises by Tenant, (b) it shall apply the same first to the payment of the Restoration before using any part of the same for any other purpose, and (c) if it shall exercise any of its rights under Section 9.03 hereof, it shall pay such proceeds to Depository and not use any part of the same for any purpose.

Section 9.05. Temporary Taking. If the temporary use of the whole or any part of the Premises shall be taken at any time during the Term 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, the party receiving notice of such taking shall give prompt notice thereof to the other party and the Term shall not be reduced or affected in any way and, subject to the terms of the Master Lease, Tenant shall continue to pay in full the Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use provided, however, that:

(a) if the taking is for a period not extending beyond the Term and if (i) such award or payment is made in advance of such use less frequently than every four (4) months or (ii) Tenant is in Default in the payment of Rental, the same shall be paid to and held by Depository, to the extent of the Rental for such period of advance payment or the amount of Rental for which Tenant is in Default, as the case may be, as a trust fund to be held or invested in accordance with the provisions of Article 5 hereof and which Depository shall apply from time to time to the Rental payable by Tenant hereunder, and the balance, if any, promptly shall be paid to Tenant, except that, if such taking results in changes or alterations in the Buildings which would necessitate an expenditure to Restore such Buildings to their former condition, then, subject to the provisions of the Master Lease, a portion of such award or payment considered by Landlord in its judgment, reasonably exercised, as appropriate to cover the expenses of the Restoration shall be retained by Depository without application as aforesaid, and applied and paid (x) toward the Restoration of such Buildings to their former condition, substantially in the same manner and subject to the same conditions as those provided in Section 9.04 hereof and (y) subject to the provisions of the Master Lease, promptly to Tenant to the extent of any balance remaining after payment of the cost of Restoration; Depository shall pay all interest earned on such fund to Tenant semi-annually; or

(b) if the taking is for a period extending beyond the Term, such award or payment shall be paid to Depository and applied as provided in Section 9.04, hereof; if Tenant shall not elect, or shall fail to notify Landlord that it elects, to withdraw from the Premises all or any part thereof, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date and Tenant's share thereof shall be paid to Depository and applied in accordance with all of the foregoing provisions of this Section 9.05, provided, however, that the amount of any award or payment allowed or retained for Restoration of the Buildings shall remain the property of Landlord if this Lease shall expire prior to the Restoration of the Buildings to their former condition.

Section 9.06. Other Compensable Government Action. Subject to the provisions of the Master Lease, in case of any governmental action, not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall

continue in full force and effect without reduction or abatement of Rental and the award shall be paid to Landlord, except that Tenant shall be entitled to that portion of the compensation allocable to the amount by which the value of the Buildings has been diminished. If there be any dispute as to the division of the compensation between Landlord and Tenant, such dispute shall be resolved by the appropriate court of law having jurisdiction thereof, each party to be responsible for its own expenses incurred in connection with any such litigation.

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

Section 9.08. Trade Fixtures. 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; provided, however, that if there shall be no separate award for such trade fixtures or personal property so taken, but amounts therefor are stipulated by the court to be included within an award, then any claims of Tenant and its Subtenants against such awards or damages, shall be subordinate to Landlord's claims under this Article 9.

ARTICLE 10

ASSIGNMENT, TRANSFERS AND SUBLETTING; TRANSACTION PAYMENTS

Section 10.01. Transactions with respect to which Landlord's Consent is Required. Except as otherwise specifically provided in this Article 10, neither this lease nor any interest of Tenant in this lease, shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, (including, without limitation, an assignment or partial assignment in connection with Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership) nor shall any of the issued or outstanding capital stock or interests of any corporation or other entity which, directly or indirectly, is Tenant be (voluntarily or involuntarily) sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, if such sale, assignment, transfer, pledge or encumbrance will result in a change of the controlling stock or other ownership interests of Tenant as held by the shareholders, members or partners thereof as of the Amended Commencement Date, nor shall any voting trust or similar agreement be entered into with respect to such stock or interests, nor any reclassification or modification of the terms of such stock or interest take place, nor shall there be any merger or consolidation of such corporation or other entity into or with another corporation or other entity nor shall additional stock or other interests (or any warrants, options or debt securities convertible, directly or indirectly, into such stock or other interests) in any such corporation or other entity be issued if the issuance of such additional stock (or such other securities, or other interests) will result in a change of the controlling ownership of such corporation or other entity as held by the shareholders, members or partners thereof as of the Amended Commencement Date, nor shall any general partner's interest in a partnership which is Tenant or any managing

member's interest in a limited liability company which is Tenant, be (voluntarily or involuntarily) sold, assigned or transferred (each of the foregoing transactions with respect to stock, interests or other securities of a corporation or a general partner's interest in a partnership being herein referred to as a "Transfer"), nor shall there be any Major Sublease by Tenant, without the consent of Landlord in each case (which consent shall not be unreasonably withheld, conditioned or delayed) and the delivery to Landlord of the documents and information specified in Section 10.04.

Section 10.02. Transactions with respect to which Landlord's Consent is Deemed Approved. Notwithstanding Section 10.01, Landlord's consent shall not be required for and the provisions of this Article 10 (other than Section 10.03) shall not apply to the following: (i) an assignment of Tenant's interest in this Lease or subletting of the Premises as an entirety or substantially as an entirety to an Affiliate, (ii) one or more transfers of an Ownership Interest in Tenant provided that the aggregate Ownership Interest in Tenant transferred, sold or assigned in all such Transfers does not exceed twenty percent (20%) of the Ownership Interest in Tenant in the aggregate during the Term, (iii) any transfer to existing principal of Tenant, any sibling, parent, grandparent, child, grandchild (including in-law and step relationships), or spouse or domestic partner, of Tenant or any principal of Tenant, or to a trust for the benefit of the foregoing or an entity wholly owned by any one or more of the foregoing, (iv) any trading of a direct or indirect Ownership Interest in Tenant over the New York Stock Exchange, the American Stock Exchange, the NASDAQ Capital Market, the Over the Counter bulletin board, the "pink sheets" or any other inter-dealer quotation system or the transfer or trading on a public market of shares or interests in a Person that is registered under, and files periodic reports under, the Securities Exchange Act of 1934 (except that Tenant in each case shall be required to comply with the terms of Section 10.05, to the extent such sale(s) or trade(s) constitute a Transaction, and to the extent any Net Proceeds from such sale or trade are attributable to this Lease or the Premises) or (v) a Refinancing (except that Tenant shall be required to comply with the terms of Section 10.05, to the extent any Net Proceeds from such Refinancing are attributable to this Lease or the Premises); further provided that no Event of Default has occurred and is continuing under this Lease at the time of such transfer.

Section 10.03. Prohibited Transactions. Except as otherwise specifically provided herein, in no event shall Tenant make, suffer or permit, nor shall any other Person make, suffer, or permit (including, without limitation, pursuant to a foreclosure or similar sale), a Transfer, assign this Lease or any portion of its interest hereunder or sublet the Premises as an entirety or substantially as an entirety to any Person, in which, an ownership interest is then held, directly or indirectly, by any individual who:

(a) On the date of the Transaction in question, to the actual knowledge of Tenant, after exercise of due diligence by Tenant, (x) that is in default or in breach of its obligations under any material written agreement with Landlord (including but not limited to any ground lease, any loan agreement or mortgage, or regulatory agreement), or (y) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach of its obligations under any material written agreement with Landlord, unless this default or breach has been waived in writing by Landlord, as the case may be.

(b) On the date of the Transaction in question, to the actual knowledge of Tenant, after exercise of due diligence by Tenant, (x) that has been convicted in a criminal proceeding of a felony for any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (y) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding of a felony for any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure. The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure or directly or indirectly controls, is controlled by, or is under common control with a Person that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of Landlord.

(c) Any government, or any Person which to the actual knowledge of Tenant, after exercise of due diligence by Tenant, on the date of the Transaction in question, is controlled directly or indirectly (rather than only regulated) by a government, the effects of the activities of which (at the time thereof) are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "Patriot Act"), the Bank Secrecy Act of 1970, as amended, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations and lists published by the Office of Foreign Assets Control, Department of the Treasury, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

Section 10.04. Consent. Subject to the limitations contained herein, in each instance of, and as a condition to the effectiveness of a Transaction (expressly excluding any transaction fulfilling the requirements of Section 10.02 hereof), Tenant shall, not less than thirty (30) days prior to the effective date of such transaction, notify Landlord of the proposed transaction and submit to Landlord the following documents and information:

(a) in the case of an Assignment: (A) a copy of the proposed instrument(s) of assignment, containing, inter alia, the name, address and telephone number of the assignee; (B) a copy of the proposed instrument(s) of assumption of Tenant's obligations under this Lease by said assignee; and (C) an affidavit of the assignee or an authorized officer or general partner, manager, managing member or similar person thereof, setting forth: (w) in the case of a partnership, the names and addresses of all general partners thereof and all other partners of the assignee having directly or indirectly a five percent (5%) or greater ownership interest in the assignee; (x) 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, NASDAQ or other recognized stock exchange or that is registered under, and files periodic reports under, the Securities Exchange Act of 1934) the names and addresses of all Persons having directly or indirectly five percent (5%) or greater record ownership of stock in, and all directors and officers of, the assignee; (y) in the case of a limited liability company, the names and addresses of all managers and managing members thereof and all other members of the assignee having directly or indirectly a five percent (5%) or greater ownership interest in the assignee; and (z) in the case

of any other Person, the names and addresses of all officers thereof and/or of other Persons having directly or indirectly managerial authority and all other Persons having directly or indirectly a five percent (5%) or greater ownership interest in the assignee;

(b) in the case of a Major Sublease: (A) a copy of the proposed sublease, containing, inter alia, the name, address, and telephone number of the subtenant; and (B) an affidavit of the subtenant or an authorized officer, general partner, manager, managing member or similar person thereof, setting forth the same information with respect to the partners, managers, managing members, members, shareholders, officers, directors and other Persons of the subtenant as is required with respect to assignees under Section 10.04(a);

(c) in the case of a Transfer, an affidavit of an authorized officer, general partner, manager, managing member or similar Person of Tenant, setting forth the name, address and telephone number of the transferor, a description of the interest being transferred (including, without limitation, the direct or indirect percentage ownership interest in Tenant which same represents), the name, address and telephone number of the transferee, and, in addition, the same information with respect to the partners, managers, managing members, members, shareholders, officers, directors and other Persons of such transferee as is required with respect to assignees under Section 10.04(a); and

(d) in all such cases such other documents and information as Landlord may reasonably request to permit Landlord to determine whether such assignment, sublease or Transfer is in accordance with the provisions of this lease and otherwise reasonably acceptable to Landlord.

Section 10.05. Consent Time Period and Waiver; Transaction Payment.

(a) In the event of a Transaction, Tenant shall pay or cause to be paid to Landlord, a payment (a "Transaction Payment") in the amount of the total of: (a) three (3%) percent of the initial $8,200,000 of Net Proceeds from said Transaction; and (b) ten (10%) percent of the Net Proceeds from the Transaction in excess of $8,200,000. For purposes of calculating the Transaction Payment, Net Proceeds from such transaction shall include all consideration received by the transferor, initially and over time less, (i) the actual out-of-pocket standard closing costs paid by the Tenant to unaffiliated third parties; (ii) repayment of bonds, mortgages, or notes, if any; (iii) return of all equity contributed to the Tenant as reasonably evidenced to Landlord, with a per annum return on such equity from the time contributed, equal to six (6%) percent to the extent not deducted from the calculation of Net Proceeds in a prior Transaction; (iv) the unamortized cost of all Capital Improvements (which costs shall be reasonably evidenced to Landlord; and that were amortized in accordance with generally accepted accounting procedures, consistently applied) to the extent not deducted from the calculation of Net Proceeds in a prior Transaction); and (v) capital gains tax liability, (solely with respect to the first taxable Transaction) of Tenant, as reasonably demonstrated to Landlord. The Transaction Payment shall be paid by Tenant to Landlord for each Transaction.

(b) The Transaction Payment shall not be required on a Partner Exchange where: (i) the Partner Exchange is less than twenty (20%) of the total ownership interest; (ii) the transfer does not result in a single owner having greater than twenty (20%) ownership interest in

the Premises; and (iii) the Partner Exchange is not one in a series of transactions meant to have one owner, directly or indirectly, amass more than a twenty (20%) ownership interest or sell more than twenty percent (20%) (directly or indirectly) of the total ownership interest.

Section 10.06. Consent Time Period and Waiver. Landlord shall give Tenant notice of its consent or refusal thereof, which consent shall not be unreasonably withheld, conditioned or delayed, in accordance with provisions of this Section 10.06 within thirty (30) days after receipt of notice from Tenant in accordance with the provisions of Article 10 hereof. Landlord shall be deemed to have waived its objections to the Assignment, Transfer, or Major Sublease if Landlord fails to so notify Tenant as provided in this Article 10.

Section 10.07. Compliance with this Article. No Transaction shall have any validity except upon compliance with the provisions of this Article 10.

Section 10.08. Consents Limited. Any consent by Landlord under Section 10.05 shall apply only to the specific transaction thereby authorized and shall not relieve Tenant from any requirement hereunder of obtaining the consent of Landlord (to the extent Landlord's consent is required hereunder) to any further sale or assignment of this Lease or Transfer.

Section 10.09. Residential Subleases. Tenant including, without limitation, any Unit owner, may, without Landlord's consent, but subject to the provisions of this Section, and otherwise in compliance with this Lease, enter into agreements for the rental of residential and non-residential space in the Building, or the occupancy of such space pursuant to licenses or concessions for periods shorter than or equal to the remainder of the Term at the time of such agreements (all of such agreements being herein referred to collectively as "Subleases"); provided, however, any Sublease which is a Major Sublease shall comply with other provisions of this Lease applicable thereto. .

Section 10.10. Sublease Compliance. Prior to entering into any such Subleases on forms not currently being used, Tenant shall submit to Landlord the form or forms of Subleases which Tenant proposes to use in the Buildings for Landlord to determine whether the provisions of such Sublease conflict with this Lease or any Applicable Law (any such approved form or forms currently being used, and any form of Sublease hereafter approved by Landlord, an "Approved Sublease Form"). Tenant may make modifications to any Approved Sublease Form, without Landlord's consent, provided that such Approved Sublease Form continue to be commercially reasonable, in compliance with Applicable Laws and any version of the Approved Sublease Form executed after the Amended Commencement Date contain the clauses required by Section 10.15. The parties agree that the execution of a renewal agreement with respect to any Approved Sublease Form shall not trigger an obligation to modify said Form.

Section 10.11. Subtenant Violations. The fact that a violation or breach of any of the terms, provisions or conditions of this Lease or of the Master Lease results from or is caused by an act or omission by any subtenant, Unit owner or subtenant of a subtenant, or any other occupant of the Building shall not relieve Tenant of Tenant's obligation to cure the same. Tenant shall take any and all lawful necessary steps to prevent any such violation or breach.

Section 10.12. Intentionally Omitted.

Section 10.13. Collection of Subrent. Landlord, after an Event of Default by Tenant, may subject to the rights of any Mortgagee (provided such Mortgagee is an Institutional Lender), collect subrent and all other sums due under Subleases, and apply the net amount collected to Rental payable by Tenant hereunder. No such collection shall be, or be deemed to be, a waiver of any agreement, term, covenant or condition of this Lease or the acceptance by Landlord of any Subtenant as tenant hereunder, or a release of Tenant from performance by Tenant of its obligations under this Lease.

Section 10.14. Schedule of Subleases. At any time and from time to time upon Landlord's demand and at Landlord's expense (unless at the time such request is made Tenant is in Default, in which event Landlord shall not be obligated for the payment therefor) Tenant shall promptly deliver to Landlord a schedule of all Subleases setting forth the names of all Subtenants, the space rented and the expiration date of the Sublease, together with a photostatic copy of each of the Subleases if specifically requested by Landlord. Upon the request of Landlord, Tenant shall permit Landlord, its agents or representatives to inspect all Subleases affecting the Premises.

Section 10.15. Required Sublease Clauses. Each sublease executed from and after the Amended Commencement Date, to the extent permitted by Applicable Law shall (i) contain a standard subordination clause such that it is subordinate and subject to this Lease and the Master Lease, (ii) provide that the Subtenant shall not pay rent or other sums (except security deposits and insurance premiums) under the Sublease for more than three (3) months in advance, (iii) provide that, at Landlord's option, on the termination of this Lease pursuant to Article 24 hereof, the Subtenant will attorn to, or enter into a direct lease, occupancy, license or concession agreement on identical terms with Landlord for the balance of the term of the Sublease, (iv) shall provide that the Subtenant shall occupy and use the premises included therein for residential purposes consistent with the Lease, the Master Lease, the Certificate of Occupancy and the Requirements, and (v) shall provide that Landlord may do further development work, restoration work, improvements and alterations on Roosevelt Island, and to the fullest extent permitted by law, each Subtenant waives any right it may have, at law or in equity, to object to Landlord's development, restoration, improvement and alteration work.

ARTICLE 11

CONSTRUCTION OBLIGATIONS

Section 11.01. Proper Conditions. In the event Tenant performs or causes to be performed any construction (including without limitation construction relating to Tenant's Work, Restoration or Capital Improvements) anywhere on the Premises during the Term, Tenant agrees that throughout the course of such construction, Tenant shall or shall cause Tenant's contractors and subcontractors, as applicable, to comply with the Construction Rules and Regulations.

Section 11.02. Title. To the extent Tenant elects, Tenant shall be construed as the owner of the property and materials during the Term to allow Tenant to claim depreciation deductions and other income tax benefits attributable to its investments in such materials and property.

(a) Tenant agrees that the materials to be incorporated into the Buildings at any time during the Term shall, upon purchase of same and at all times thereafter, constitute the property of Landlord, and that upon construction of the Buildings 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 in connection with the purchase of any such materials, (ii) Landlord shall have no obligation to pay any compensation to Tenant by reason of its acquisition of title to such materials and Buildings and (iii) that any refunds, credits or other proceeds which may be obtained in respect of such materials shall be the property of Tenant.

(b) Tenant covenants and agrees that all contracts and subcontracts relating to the construction, any Restoration or improvement shall provide substantially as follows: "[contractor] [subcontractor) [materialman] hereby agrees that immediately upon the purchase by [contractor] [subcontractor] [materialman] of any building materials to be incorporated in the Buildings (as said term is defined in the lease pursuant to which the owner acquired a leasehold interest in the property) such materials shall be and become the sole property of Landlord, a body corporate and politic of the State of New York constituting a public benefit corporation and a political subdivision thereof, notwithstanding that such materials have not been incorporated in, or made a part of, such Buildings at the time of such purchase".

ARTICLE 12

REPAIRS

Section 12.01. Tenant's Obligation to Maintain and Repair Premises. Tenant, at its sole cost and expense, throughout the Term, shall keep and maintain the Premises in good and safe order and condition, including without limiting the generality of the foregoing, the Buildings, roofs, foundations and appurtenances thereto, all sidewalks, vaults, sidewalk hoists, railings, gutters and curbs in front of or adjacent to the Premises; water, sewer and gas connections on or adjacent to and directly and exclusively servicing the Premises, AVAC valves and connections on or adjacent to and directly and exclusively servicing the Premises (unless such valves and connections are maintained by New York City), pipes and mains on or adjacent to and directly servicing the Premises (unless such pipes and mains are maintained by New York City), and all other fixtures, machinery and Equipment and shall make all repairs therein and thereon, interior and exterior, structural and non-structural, ordinary and extraordinary, and unforeseen and foreseen, necessary to keep the same in good and safe order and condition, howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear, tear or defects, latent or otherwise; provided, however, that Tenant's obligations with respect to Restoration resulting from a casualty or condemnation shall be as provided in Articles 8 and 9 hereof. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent waste, damage, or injury to the Premises. When used in this Section 12.01 the term "repairs" shall include all appropriate replacements and alterations. All repairs made by Tenant shall be comparable in quality and class to the normal work and shall be made in compliance with the laws, regulations and rules applicable generally to Roosevelt Island and with the laws, regulations, codes, and rules of New York City and all other Governmental Authorities having jurisdiction over the Premises, and as to policies of insurance, the New York Board of Fire Underwriters or any successor thereto.

Section 12.02. Tenant's Obligation to Keep, Premises Clear. Tenant, at its sole cost and expense, also shall repair, and keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the Premises and the sidewalks, vaults, sidewalk hoists, gutters, railings and curbs in front of or adjacent to the Premises (but specifically excluding all Streets not within the Premises).

Section 12.03. Tenant's Assumption of the Maintenance and Management of the Premises. Landlord shall have no duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to, or to demolish, the Buildings, or to provide any services, utilities or faculties whatsoever to the Premises. Except as provided in Section 12.02 and this Section 12.03, 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 immediately foregoing covenant, Tenant shall not clean nor require, permit, suffer nor allow any window in the Buildings to be cleaned from the outside in violation of Section 202 of the Labor Law or of the rules of the Industrial Board or other state, county or municipal department, board or body having or asserting jurisdiction.

ARTICLE 13

CHANGES, ALTERATIONS AND ADDITIONS

Section 13.01. Capital Improvements.

(a) Tenant shall not demolish, replace or materially alter the Buildings, or any part thereof (but not including Equipment, which shall be governed by the provisions of Article 15), or make any addition thereto or construct any additional Buildings, whether voluntarily or in connection with a repair or Restoration required by this Lease (any such action being herein referred to as a "Capital Improvement"), unless Tenant shall comply with the requirements set forth in this Section 13.01 and, if applicable, with the additional requirements set forth in Section 13.02.

(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, or change the use of the improvements from use as a residential tower.

(c) Any Capital Improvement shall be made promptly, subject to Unavoidable Delays, and in a good and workmanlike manner and in compliance with all applicable permits and authorizations, building codes and all Applicable Law, and in accordance with the approved plans and specifications therefor and the orders, rules, regulations and requirements of any Board of Fire Underwriters having jurisdiction or any similar body exercising similar functions.

(d) The cost of any Capital Improvement shall be paid in cash or its equivalent, so that the Premises and the assets of and 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.

Section 13.02. Material Capital Improvements. In addition to complying with the requirements of Section 13.01, in connection with any single Capital Improvement the cost of which is reasonably estimated to exceed Five Hundred Thousand Dollars ($500,000) Adjusted for Inflation commencing on the fifth anniversary of the Amended Commencement Date, (any such Capital Improvement shall be referred to herein as a "Material Capital Improvement"), the following additional requirements shall apply:

(a) Tenant shall furnish to Landlord a complete set of plans and specifications for the Material Capital Improvement and a copy of all plans and specifications which may be required by any Governmental Authority in connection with its enforcement of the applicable Requirements.

(b) No Material Capital Improvement shall be undertaken until Tenant shall have procured the consent of Landlord to the plans and specifications, architect, contractor and major subcontractors applicable to such Material Capital Improvement, which consent shall not be unreasonably withheld. A major subcontractor shall be one who provides (directly or indirectly) One Hundred Thousand Dollars ($100,000) or more of labor, materials or both, to the Premises. No Material Capital Improvement shall be undertaken until Tenant shall have procured and paid for, insofar as the same may be required in connection with such Material Capital Improvement, all permits and authorizations of all Governmental Authorities having jurisdiction. Landlord shall not unreasonably refuse to join in the application for such permit or authorization, provided same is made without cost or expense to Landlord. Copies of all required permits and authorizations (needed to commence performance of a Material Capital Improvement) certified to be true copies thereof by Tenant shall be delivered to Landlord prior to the commencement of any Material Capital Improvement.

(c) No Material Capital Improvement shall be undertaken until Tenant shall have delivered to Landlord insurance policies or certificates therefor issued by responsible insurers, bearing proof of the payment of premiums or accompanied by other evidence satisfactory to Landlord of such payments, for worker's compensation and employer liability insurance covering all persons employed by any general contractor engaged by Tenant in connection with the Capital Improvement other than employees of Landlord and its agents and with respect to whom death or bodily injury claims could be asserted against Landlord, Master Landlord, Tenant or the Premises, and, unless the liability insurance then in effect with respect to the Premises shall cover the risk, owner's protective liability insurance expressly covering the additional hazards resulting from the Capital Improvement with limits not less than those, and otherwise subject to the same conditions and requirements, set forth in Article 7 with respect to the liability insurance required thereunder. If under the provisions of any fire, 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 shall obtain such consent and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

(d) Landlord shall notify Tenant of Landlord's determination with respect to any request for consent required under this Section 13.01(g) within thirty (30) days of Landlord's receipt of the plans and specifications and such other drawings, information or samples 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. The cost of Landlord's review of all matters relating to a Material Capital Improvement shall be paid by Tenant.

(e) At least fifteen (15) days before the commencement of any work in connection with any Material Capital Improvements, Tenant shall furnish to Landlord the following:

(i) a contract for the construction of the Material Capital Improvement and payment and performance bonds or other assurances satisfying the requirements of Section 8.05 hereof; and

(ii) an assignment to Landlord (subject to any prior assignment to the First Mortgagee) of the aforesaid contract and bonds satisfying the requirements of Section 8.05 hereof.

(f) All Material Capital Improvements shall be carried out under the supervision of an architect licensed in New York selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. The estimates of cost made by such architect shall be binding upon both parties for the purposes of this Section 13.02.

ARTICLE I4

REQUIREMENTS OF PUBLIC AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES

Section 14.01. Compliance With Requirements.

(a) Except as otherwise specifically provided herein, Tenant, at its sole cost and expense, promptly shall comply with all Applicable Law and any and all future acts, laws, rules, orders, ordinances, regulations, statutes, requirements, codes (including, without limitation, the applicable accessibility requirements relating to the handicapped as provided in the New York City Building Code) irrespective of the nature of the work required to be done, extraordinary as well as ordinary, of any Governmental Authority, of any applicable Fire Rating Bureau or other body exercising similar functions with respect to policies of insurance, affecting the Premises, sidewalks comprising a part of or in front thereof or adjacent thereto and/or any vault in or under the same, or requiring the removal of any encroachment, or affecting the construction, maintenance, use or occupation of the Premises, whether or not the same involves or requires any structural changes or additions in or to the Premises, and irrespective of 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 (hereinafter collectively called "Requirements"). Tenant shall also comply with any and all provisions and requirements of any fire, liability or other insurance policy required to be carried 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 and this Lease shall not govern.

(b) In the event Tenant fails to comply with the terms of Section 14.01(a) reasonably promptly (and in any event (excluding emergencies, for which no notice is required) within thirty (30) days of Landlord's notice (or such longer period as may be reasonably required to perform, so long as Tenant is performing diligently)), Tenant hereby agrees that Landlord may enter upon the Premises to perform all work necessary or desirable to comply with the Requirements. Landlord agrees to use commercially reasonable efforts to minimize interference with Tenant's use of the Premises in complying with such Requirements.

Section 14.02. Contesting Validity of Requirements. Tenant shall have the right to contest the validity of any Requirements or the application thereof at Tenant's sole cost and expense. During such contest, compliance with any such contested Requirements may be deferred by Tenant upon condition that Tenant prosecutes such proceedings with reasonable dispatch. Tenant shall promptly comply with any such Requirements and compliance shall not be deferred if at any time the Premises, or any part thereof, shall be in danger of being forfeited or lost or if Landlord shall be in danger of being subjected to civil and/or criminal liability or penalty by reason of noncompliance therewith, or if by reason of any contest or delay, Landlord, in its reasonable judgment, shall be in danger of being in default under the Master Lease. Landlord shall cooperate with Tenant in any such contest to such extent as Tenant may reasonably request, and use its best efforts to cause Master Landlord to cooperate if required by applicable law, it being understood, however, that Landlord shall not be subject to any liability for the payment of any costs or expense actually incurred by Landlord in connection with any proceeding brought by Tenant.

Section 14.03. Settlement Agreement. Tenant also agrees that it shall not amend, modify or terminate the Settlement Agreement without Landlord's prior written consent, which consent shall not be unreasonably withheld.

ARTICLE 15

EQUIPMENT

Tenant shall keep all Equipment (to the extent used by Tenant) in working order and repair. Tenant shall not have the right, power or authority to, and will 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, unless the same is promptly replaced (subject to Unavoidable Delays) by Equipment of generally similar utility and quality. 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.

ARTICLE 16

DISCHARGE OF LIENS; BONDS

Section 16.01. No Impairment of Landlord's Interests. Tenant shall not do anything whereby the rights and interest of Landlord in the Premises or any part thereof might be impaired.

Section 16.02. Discharge of Liens. If any mechanic's, laborer's or materialman's lien at any time shall be filed against the Premises or any part thereof, or if any public improvement lien created or permitted to be created by Tenant and arising out of Tenant's tenancy hereunder shall be filed against any asset of or fund appropriated to Landlord, Tenant, within sixty (60) 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. Tenant shall deliver to Landlord, within ten (10) business days after its receipt of same, a copy of any such notice of lien. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, and if such lien shall continue for an additional thirty (30) days after notice by Landlord to Tenant, then in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord with all costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of the payment or incurring of the costs and expenses, shall constitute Additional Rent payable by Tenant under Article 3 of this Lease and shall be paid by Tenant to Landlord within ten (10) days after demand.

Section 16.03. Contractors. 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 the Premises or any part thereof or any asset of or fund appropriated to Landlord. Notice is hereby given, and Tenant shall endeavor to 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 whatsoever 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 asset of or fund appropriated to Landlord.

Section 16.04. No Power to Affect Landlord Interests. Tenant shall have no power to make any contract which may create, or to do any act which shall cause, any lien, mortgage or other encumbrance which affects the assets of or funds appropriated to Landlord, or of any fee interest in the Premises. The foregoing shall not restrict Tenant's right to encumber its leasehold interest with a First Mortgage.

ARTICLE 17

REPRESENTATIONS

Section 17.01. Tenant Representations.

(a) Tenant represents that Tenant is fully familiar with the Master Lease, the Premises and the physical condition thereof, the status of title to the Premises and the Title Matters. Tenant accepts the Premises in the existing condition and state of repair.

(b) Tenant represents that, as of the Amended Commencement Date, the composition of Tenant is as follows: Tenant is a limited liability company, duly formed, validly existing and in good standing under the laws of the Delaware. This Lease has been duly authorized, executed and delivered by Tenant and constitutes the valid and legally binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to: (i) general principles of equity and (ii) applicable bankruptcy, insolvency and other similar laws affecting the rights of creditors generally.

(c) Tenant represents, warrants and certifies to and for the benefit of Landlord that Tenant is not now and has never been nor shall it be at any time prior to the mutual execution and delivery of this lease a Person with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "U.S. Person"), is prohibited from transacting business of the type contemplated by this lease, whether such prohibition arises under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC ("Specially Designated Nationals and Blocked Persons")) or otherwise. Neither Tenant nor any Person who owns an Ownership Interest in Tenant is now or has ever been, nor shall be at any time prior to the mutual execution and delivery of this lease, a Person with whom a U.S. Person, including a "financial institution" as defined in 31 U.S.C. 5312 (a)(z), as periodically amended ("Financial Institution"), is prohibited from transacting business of the type contemplated by this lease, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(d) Tenant represents, warrants and certifies that it has taken, and shall continue to take until the expiration or any earlier termination of the term of this Lease, such measures as are required by applicable law to assure that the funds used to pay Base Rent, Additional Rent and any other charges due hereunder are derived: (i) from transactions that do not violate United States law nor, to the extent such funds originate outside the United States, do not violate the laws of the jurisdiction in which they originated; and (ii) from permissible sources under United States law and, to the extent such funds originate outside the United States, under the laws of the jurisdiction in which they originated.

(e) Tenant represents, warrants and certifies to and for the benefit of Landlord that neither Tenant nor any Person with an Ownership Interest in Tenant or any Person providing funds to Tenant: (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws (as hereinafter defined); (ii) has been assessed

civil or criminal penalties under any Anti-Money Laundering Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti Money Laundering Laws. For purposes of subclause (i) of the previous sentence, the term "Anti-Money Laundering Laws" shall mean all applicable laws, regulations and sanctions, state and federal, criminal and civil, that: (w) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (x) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (y) require identification and documentation of the parties with whom a Financial Institution conducts business; or (z) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include, without limitation, the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "Patriot Act"), the Bank Secrecy Act of 1970, as amended, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

(f) Tenant represents, warrants and certifies to and for the benefit of Landlord that it is in compliance with any and all applicable provisions of the Patriot Act.

(g) Tenant warrants that, except as otherwise set forth in this Lease, no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord with respect to the status of title to the Premises, the Title Matters, Taxes, the physical condition (including subsurface condition) of the Premises, Roosevelt Island, the occupants thereof, the utilities, infrastructure or subway thereon or connecting thereto, any laws, regulations, rules or orders applicable thereto, the Island Services, or the Master Lease, that Tenant has relied on no such representations, statements or warranties, and that Landlord shall in no event whatsoever be liable by reason of any such representations, statements or warranties or for any latent or patent defects in the Premises. Tenant further warrants that no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord, with respect to the transaction pursuant to which Landlord has leased the Premises under the Master Lease and leased the same to Tenant, or the laws applicable to this transaction, that Tenant has relied on no such representations, statements or warranties and that Landlord shall in no event whatsoever be liable by reason of any such claimed misrepresentations or breach of warranties.

(h) Tenant further warrants that, except as set forth in Section 17.03 hereof, no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord, with respect to the transaction pursuant to which Landlord has leased the Premises under the Master Lease and leased the same to Tenant, or the laws applicable to this transaction, that Tenant has relied on no such representations, statements or warranties and that Landlord shall in no event whatsoever be liable by reason of any such claimed misrepresentations or breach of warranties.

Section 17.02. Landlord Representations and Covenants.

(a) Landlord represents that a true and complete copy of the Master Lease has been provided to Tenant and that to its knowledge the Master Lease is in full force and effect on the date as of which this Lease is made, and that to its knowledge Landlord is not in default

under the Master Lease nor to its knowledge does any state of facts exist which with the passage of time or the giving of notice, or both, could constitute a default by Landlord under the Master Lease.

(b) Landlord is a body corporate and politic constituting a political subdivision of the State of New York, duly organized and validly existing under the laws of the State of New York. This Lease has been duly authorized, executed and delivered by Landlord and constitutes the valid and legally binding obligation of Landlord, enforceable against Landlord in accordance with its terms, subject to (i) general principles of equity and (ii) applicable bankruptcy, insolvency and other similar laws affecting the rights of creditors generally.

ARTICLE 18

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

Section 18.01. No Liability of Landlord For Injury. Except as expressly provided herein, Landlord shall not in any event whatsoever be liable for any injury. or damage to any property or to any person happening on, in or about the Premises and its appurtenances, nor for any injury or damage to the Premises or to any property belonging to Tenant or any other person which may be caused by any fire or breakage, or by the use, misuse or abuse of any of the elevators, hatches, openings, installations, stairways or hallways, or which may arise from any other cause whatsoever unless caused by the wrongful acts or negligence of Landlord, or its agents or employees in their capacities as agents or employees of Landlord.

Section 18.02. No Liability of Landlord For Leaks, Etc. Except as expressly provided herein, Landlord shall not be liable for any failure of water supply, gas or electric current, nor for any injury or damage to any property or person or to the Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work, unless any of the foregoing results from the negligence or wrongful acts of Landlord, or its agents or employees in their capacities as agents or employees of Landlord.

ARTICLE 19

INDEMNIFICATION OF LANDLORD AND TENANT

Section 19.01. Obligation to Indemnify. Subject to Section 40.16 Tenant shall indemnify (excluding consequential, special and punitive damages), defend and save harmless Landlord, The City of New York, the State of New York or any agency or subdivision thereof (including, without limitation, the Empire State Development Corporation and The New York State Division of Housing and Community Renewal and their respective assigns, agents, employees, officers, board members, and affiliates, collectively, the Indemnitees") against and from all liabilities, suits, obligations, fines, damages, penalties, claims, and actual reasonable

costs, charges and expenses, including without limitation, actual reasonable architects' and attorneys' fees and disbursements, which may be imposed upon or asserted against or reasonably incurred by Landlord or The City of New York, the State of New York or any agency or subdivision thereof (including, without limitation, the Empire State Development Corporation and The New York State Division of Housing and Community Renewal) by reason of any of the following unless caused by the negligence or willful misconduct of any of the Indemnitees (in which case only the offending Indemnitee shall be excluded from this indemnity):

(a) Operation. Tenant's or its agents' or employees' use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof including, without limitation, the AVAC, any street, alley, sidewalk, curb, vault or passageway comprising a part of the Premises or adjacent thereof;

(b) Acts of Tenants. Any act or failure to act on the part of Tenant or any Subtenant or any of its or their respective agents, contractors, servants, employees, licensees or invitees;

(c) Injury. Any accident, injury (including death) or damage to any person or property occurring in, on or about the Premises or any part thereof or in, on or about any street, alley, sidewalk, curb, vault or passageway comprising a part thereof or adjacent thereto, which accident, injury or damage is attributable to Tenant's acts or failure to act or its agents or employees;

(d) Liens. Any lien or claim which may be alleged to have arisen against or on the Premises, or any lien or claim created or permitted to be created by Tenant and which arises out of Tenant's tenancy hereunder, against any assets of or funds appropriated to Landlord under the laws of the State of New York or of any other governmental entity or any liability asserted against Landlord with respect thereto not arising by reason of a debt or liability of Landlord for which Tenant is not otherwise liable under the provisions of this Lease;

(e) Tax. Any tax attributable to the execution, delivery or recording of this Lease; provided, however, that Landlord shall complete, execute and file all documents reasonably required to obtain exemptions from any such tax to the extent available;

(f) Contest. Any contest permitted pursuant to the provisions of Articles 4, and 14 hereof, except as provided therein;

(g) Sublease. Any and all liabilities, claims, and causes of action arising under the terms and conditions of any subleases affecting the Premises or any part thereof;

(h) Tenant Default. Any failure on the part of Tenant to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained herein (including, without limitation, the obligation to comply with the GDP, including all other Requirements and Applicable Laws), or in any construction agreement, any Sublease or any other contract or agreement affecting or alleged to be affecting the Premises, on Tenant's part to be kept, observed or performed;

(i) Rental. Any failure on the part of Tenant to pay Base Rent, Additional Rent, or any other fee or payment to be paid by Tenant under this Lease or to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease, or on its part to be performed or complied with and the exercise by Landlord of any remedy provided in this Lease with respect thereto; or

(j) Brokerage. Any claim for brokerage commissions, fees or other compensation in connection with this Lease or the transactions contemplated by this Lease due from Tenant under Section 40.19.

Section 19.02. Survival. The provisions of this Article 19 and all other indemnity provisions elsewhere contained in this Lease shall survive the Expiration Date, but only in respect of acts and occurrences arising on or prior to the later of the Expiration Date or the date upon which possession of the Premises is surrendered to Landlord.

Section 19.03. Tenant Obligations Not Affected By Failure To Insure. The obligations of Tenant under this Article 19 shall not in any way be affected by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

Section 19.04. Tenant Shall Defend Actions Against Landlord. If any claim, action or proceeding is made or brought against Landlord by reason of any event as to which Tenant is indemnifying Landlord pursuant to Section 19.01 hereof, then, upon demand by Landlord (which demand shall include any document or correspondence received by Landlord in connection with such claim, action or proceeding, and shall specifically state that indemnification for such claim, action or proceeding is being sought), Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in Landlord's name, if necessary, by the attorneys for Tenant's insurance carrier (if such claim, action or proceeding is covered by insurance), otherwise by such attorneys as Landlord shall approve, which approval shall not be unreasonably withheld or delayed. Landlord agrees that in the event Landlord is named as a party to an action, Landlord will reasonably cooperate with Tenant in the conduct of the proceedings. In such event Tenant shall control all decisions in respect of the litigation and settlement of such claims so long as no default or Event of Default exists hereunder, and Tenant is diligently defending the action or claim. Otherwise, Landlord shall have the right, but not the obligation, to control any such litigation, including making any settlement thereof, all at Tenant's sole cost and expense. Landlord shall cooperate with Tenant in connection with a defense or settlement in accordance with the provisions hereof. 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 (unless Tenant has not provided an appropriate defense as set forth above). In the event that Tenant shall fail to perform any of is obligations pursuant to this Section 19.04, Landlord shall have the right to retain, at Tenant's sole reasonable cost and expense, its own counsel for purposes of defending any actions or claims which Tenant is obligated pursuant to this Section to defend.

Section 19.05. No Third Party Rights. Nothing in this Article 19 shall imply or provide a greater right on the part of third persons against Tenant than exists at law and no person who is not a party to this Lease shall have any rights pursuant to this Article 19.

ARTICLE 20

RIGHT OF ENTRY AND INSPECTION

Section 20.01. Entry. Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times, upon two Business Days' notice (except in cases of emergency or during construction of the Buildings when no notice shall be required), with the accompaniment of Tenant's representative if one is made reasonably available (except in cases of emergency), for the purpose of (a) inspecting the same, (b) determining whether or not Tenant is in compliance with its obligations hereunder; (c) constructing, maintaining and inspecting the Community Facilities; and (d) making any necessary maintenance or repairs to the Premises and performing any work therein that may be necessary by reason of Tenant's failure to make any such repairs or perform any such maintenance or work, provided that, except in any emergency, Landlord shall have given Tenant notice specifying such repairs, maintenance or work and Tenant shall have failed to make such repairs or to perform such maintenance or work within thirty (30) days after the giving of such notice (subject to Unavoidable Delays), or if such repairs, maintenance or such work cannot reasonably be completed during such thirty (30) day period, to have commenced and be diligently pursuing the same (subject to Unavoidable Delays). Landlord shall permit a representative of Tenant to accompany Landlord's representative if one is made available to Landlord during the inspection.

Section 20.02. Repair. Nothing in this Article 20 or elsewhere in this Lease shall imply any duty upon the part of Landlord to do any work; and performance thereof 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 use reasonable efforts to minimize damage and interference with the conduct of business in or use of such space in connection with Landlord's exercise of its rights under this Article 20. Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant or any Subtenant, by reason of making such repairs or the performance of any work pursuant to Section 20.01, or on account of bringing materials, tools, supplies and equipment into the Premises during the course thereof and the obligations of Tenant under this Lease shall not be affected thereby. If Landlord undertakes such work or repairs, such work or repairs shall be commenced and completed in a good and workmanlike manner and with reasonable diligence, subject to Unavoidable Delays.

ARTICLE 21

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 21.01. Failure To Pay An Imposition, Etc. If Tenant shall at any time fail beyond any applicable notice and cure period (a) to pay any Imposition in accordance with the provisions of Article 4 hereof, or (b) to take out, pay for, maintain or deliver any of the insurance policies provided for herein, or (c) to pay any Rental hereunder, or (d) to perform any other act on its part to be made or performed, then Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to):

(i) pay any Imposition required to be paid by Tenant pursuant to the provisions hereof, or

(ii) take out, pay for and maintain any of the insurance policies provided for herein, or

(iii) after notice to Tenant and continuance of such failure by Tenant for thirty (30) days after the giving of such notice, pay any Rental or deposits payable by Tenant hereunder, or perform any other act on Tenant's part to be made or performed as in this Lease provided, and may enter upon the Premises for the purpose and take all such action thereon as may be necessary therefor.

Section 21.02. No Waiver. All reasonable sums so paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment, shall be paid by Tenant to Landlord within thirty (30) days after demand. Any payment or performance by Landlord pursuant to the foregoing provisions of this Article 21 shall not be nor be deemed to be a waiver or release of the breach or default of Tenant with respect thereto or of the right of Landlord to terminate this Lease, institute summary proceedings and/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 in force insurance 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 amount of any loss and damages that were required to have been insured pursuant to the provisions of this Lease plus all costs and expenses of suit, including reasonable attorneys' fees, suffered or incurred by reason of damage to or destruction of the Premises.

ARTICLE 22

RENT ABATEMENT

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

ARTICLE 23

USE OF PREMISES

Section 23.01. Permitted Use. Subject to the provisions of law and this Lease, Tenant shall occupy the Premises in accordance with the Master Lease, certificate or certificates of occupancy for the Premises, all zoning, land use and other Requirements, and for no other use or purposes. Tenant may not seek or attempt to amend (i) any existing certificate of occupancy, or (ii) any zoning, land use or other Requirements, without in each case the consent of the Landlord, which may be given or withheld in Landlord's sole and absolute discretion.

Section 23.02. No Illegal or Hazardous Use. Tenant shall not use or occupy, nor permit or suffer the Premises or any part thereof to be used or occupied for any unlawful or illegal business, use or purpose, or for any disreputable, dangerous, noxious or extra hazardous business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private) by reason of odors, fumes, dust, smoke, noise or other pollution, or for any purpose or in any way in violation of the certificate of occupancy or of any present or future governmental laws, ordinances, requirements make void or voidable any insurance then in force on the Premises. Upon the discovery of any such unlawful, illegal, disreputable or extra hazardous use, Tenant shall promptly (with Landlord's cooperation, if reasonably necessary (but at no more than a de minimis cost to Landlord)) take all necessary steps, legal and equitable, to compel the discontinuance of such use and to oust and remove any subtenants, licensees, concessionaires or other occupants guilty of such unlawful, illegal, disreputable or extra hazardous use. Nothing in this Section shall be deemed to prevent Tenant from contesting the validity of any Requirement or the application thereof in accordance with the provisions of Article 14 hereof. If for any reason Tenant shall fail to take such actions, and such failure shall continue for thirty (30) days after notice from Landlord to Tenant (or such longer period as may be permitted in accordance with Article 14 specifying such failure, Landlord is hereby irrevocably authorized (but not obligated) to take all such actions in Tenant's name and on Tenant's behalf. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord acting pursuant to the immediately preceding sentence (including, but not limited to, reasonable attorneys' fees and disbursements), together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment until the date of receipt of repayment by Landlord, shall be paid by Tenant to Landlord within thirty (30) days after demand and shall constitute Rental under this Lease.

Section 23.03. No Impairment of Title; Adverse Possession. Tenant shall not suffer or permit the Premises or any portion thereof to be used by the public in such manner as shall likely impair title to the Premises or any portion thereof, or in such manner as shall likely result in 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. Tenant shall not be deemed to have breached the provisions of this Section by reason of Tenant's compliance with the provisions hereof.

Section 23.04. Management of Premises. Tenant shall retain a management company to manage the Premises in accordance with this Lease. Any manager and its management contract, shall be subject to Landlord's approval, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, Landlord's approval shall not be required for any management company, so long as the management company is (i) Roosevelt Island Housing Management Corp, as currently owned or (ii) any entity which controls, is controlled by, or is under common control with (a) Roosevelt Island Housing Management Corp. as currently owned or (b) any principal of Tenant.

Section 23.05. Tenant's Performance. Tenant shall take all such actions as Landlord is required to take in connection with the use and occupancy of the Premises under the terms of the Master Lease, and Tenant shall not permit any action or condition in respect of the Premises which constitutes or would, with notice or lapse of time or both, constitute an event of default under the Master Lease.

Section 23.06. Intentionally omitted

Section 23.07. Intentionally omitted.

Section 23.08. Tenant's Work. As a material inducement for Landlord to enter into this Lease, Tenant hereby covenants and agrees to perform, at Tenant's sole expense and in compliance with the terms hereof, those improvements and services listed on Schedule 1, attached hereto ("Tenant's Work"). Landlord hereby approves of Tenant's Work (and no Landlord consent shall be required in connection with such work). Tenant shall perform Tenant's Work in a good, workerlike manner within the time schedule set forth on Schedule 1, subject to Unavoidable Delays and reasonable extensions of time to complete Tenant's Work, provided Tenant is prosecuting such work with commercially reasonable diligence. Tenant's Work shall be deemed Capital Improvements and shall be subject to all of the provisions of this Lease, including, without limitation, Article 13. Failure to prosecute Tenant's Work with commercially reasonable diligence shall be an Event of Default hereunder. Tenant shall deliver to Landlord quarterly, and promptly upon Landlord's written request, status reports on the Tenant's Work, including, invoices for work incurred to the date of such report, and an architect's certification that the Work has been performed in compliance with the terms hereof.

ARTICLE 24

EVENTS OF DEFAULT, CONDITIONAL LIMITATIONS, REMEDIES, ETC.

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

(a) if Tenant shall fail to pay any installment of Rental or any part thereof and such failure shall continue for ten (10) business days after notice thereof from Landlord to Tenant;

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

(c) if Tenant shall admit, in writing, that it is unable to pay its debts as such become due or shall make an assignment for the benefit of creditors;

(d) if Tenant shall file a voluntary petition in bankruptcy or if Tenant shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment

of any trustee, receiver or liquidator of Tenant, or of all or any substantial part of its properties or of the Premises or any interest of Tenant therein;

(e) if within ninety (90) days after the commencement of any proceeding against any of Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed or stayed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Tenant of any trustee, receiver or liquidator of any of Tenant or of all or any substantial part of any of their properties or of the Premises or any interest of Tenant, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated;

(f) if Tenant shall abandon the Premises and such abandonment shall continue for a period of thirty (30) days;

(g) if this Lease or the estate of Tenant hereunder shall be assigned, subleased, transferred, mortgaged or encumbered, or there shall be a Transfer, in violation of Section 10.03 of this Lease;

(h) if a levy under execution or attachment shall be made against Tenant or its property and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of sixty (60) days; or

(i) if Tenant is an entity, if Tenant shall at any time fail to maintain its existence in good standing, or to pay any franchise or similar taxes when and as the same shall become due and payable and such failure shall continue for sixty (60) days after notice thereof from Landlord to Tenant.

Section 24.02. Termination of Lease in Event of Default. If an Event of Default shall occur, Landlord, at any time thereafter, at its option, may give notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if that date were the date herein definitely fixed for the termination of the Term, and Tenant shall quit and surrender the Premises but Tenant shall remain liable as hereinafter provided.

Section 24.03. Re-entry By Landlord in Event of Default.

(a) If an Event of Default shall occur, or this Lease shall be terminated as provided in Section 24.02 hereof or by summary proceedings, or otherwise, Landlord may without notice re-enter and repossess the Premises in accordance with Applicable Law using such lawful force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor. If Landlord shall so re-enter, Landlord may, at its option, repair and alter the Premises in such manner as to Landlord may seem necessary or advisable without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any part thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as agent of Tenant, and out of any rent and other sums collected or received as a result of such reletting Landlord shall: (i) first, pay to itself

the reasonable cost and expense of terminating this Lease, re-entering, retaking, repossessing, repairing and/or altering the Premises, and the reasonable cost and expense of removing all persons and property therefrom, including in such reasonable costs legal expenses and attorneys' fees and disbursements; (ii) second, pay to itself the reasonable cost and expense sustained in securing any new tenants and other occupants, including in such reasonable costs brokerage commissions, legal expenses and attorneys' fees and disbursements and other expenses of preparing the Premises for reletting, and if Landlord shall maintain and operate the Premises the reasonable cost and expense of operating and maintaining the Premises; and, (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. No re-entry by Landlord, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Tenant from liability hereunder. 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. In no event shall Tenant be entitled to any payments which Landlord may collect or be owed in excess of what Tenant is obligated to pay herein, all of which shall remain the sole property of Landlord. Notwithstanding anything herein to the contrary, no act or failure to act by Landlord, acting as subtenant under the Commercial Sublease, or any assignee of Landlord's position as subtenant, or any sub-subtenant of Landlord, shall be a Default or an Event of Default, unless such assignee or sub-subtenant is Tenant or an Affiliate thereof.

(b) If this Lease and the Term shall expire and come to an end as provided in Section 24.02, or by or under any summary proceeding or any other action or proceeding relating to a Default hereunder, or if Landlord shall reenter the Premises as provided in paragraph (a) of this Section, or by or under any summary proceeding or any other action or proceeding, then, in any of said events:

(i) Tenant shall pay to Landlord all Rental payable under this Lease by Tenant to Landlord 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; and

(ii) Tenant also shall be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any (taking into consideration all amounts incurred by Landlord as set forth above) of rents collected by Landlord from the Subtenants and under any reletting effected pursuant to the provisions of paragraph (a) of this Section for any part of such period (first deducting from the rents collected from Subtenants and under any such reletting all of the payments to Landlord described in paragraph (a) of this Section); any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for payment of installments of Rental, 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.

Section 24.04. Lien Against Tenant's Interests. The Rental payable by Tenant hereunder and each and every installment thereof, and all reasonable costs, attorneys' fees, disbursements and other expenses which may be incurred by Landlord in enforcing the provisions of this Lease or on account of any delinquency of Tenant in carrying out the provisions of this Lease, shall be and they hereby are declared to constitute a valid lien upon the interest of Tenant in this Lease and in the Premises.

Section 24.05. Damages. If this lease is terminated or if Landlord re-enters the Premises, pursuant to Sections 24.02 and 24.03, in lieu of amounts payable under Section 24.03(b) above Landlord may demand and Tenant shall pay to Landlord as damages, at the election of Landlord, either:

(a) all Rental and other amounts due to Landlord and unpaid as of the date of termination or re-entry, plus, a sum which, at the time of such termination or re-entry, represents the then value (using a discount rate equal to the Prime Rate minus one percent (1%)) of the excess, if any, of: (1) the aggregate of all Rental which, had this Lease not terminated, would have been payable hereunder by Tenant (and not paid under Subsection (b) below) for the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date; over (2) the aggregate fair rental value of the Premises for the same period, as reasonably determined by Landlord (for the purposes of this clause (a) the amount of Additional Rent which would have been payable by Tenant under Section 3.02 shall, for each calendar year ending after such termination or re-entry, be deemed to be an amount equal to 103% of the amount of such Additional Rent payable by Tenant for the calendar year immediately preceding the calendar year in which such termination or re-entry shall occur in the case of the first such calendar year and the immediately prior calendar year in the case of each succeeding calendar year); or

(b) all Rental and other amounts due to Landlord and unpaid as of the date of termination or re-entry, plus, sums equal to the Rental that would have been payable by Tenant through and including the Expiration Date had this Lease not terminated or had Landlord not re-entered the Premises, payable upon the due dates therefor specified in this Lease; provided, that if Landlord shall relet all or any part of the Premises for all or any part of the period commencing on the day following the date of such termination or re-entry to and including the Expiration Date, either alone or with other premises (all of which Landlord may do in its sole and absolute discretion) Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this lease and of re-entering the Premises and of securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Premises for new tenants, brokers' commissions, and all other expenses properly chargeable against the Premises and the rental therefrom in connection with such reletting, it being understood that any such reletting may be for a period equal to or shorter or longer than said period; provided, further, that: (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord under this Lease; (ii) in no event shall Tenant be entitled, in any suit for the collection of damages pursuant to this Section 24.05(b), to a credit in respect of any net rents from a reletting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit; (iii) if the Premises or any part

thereof should be relet in combination with other space, then proper apportionment on a square foot rentable area basis shall be made of the rent received from such reletting and of the expenses of reletting; and (iv) Landlord shall have no obligation to so relet the Premises and Tenant hereby waives any right Tenant may have, at law or in equity, to require Landlord to so relet the Premises.

Section 24.06. Liquidated Damages. Nothing in this Article 24 contained 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 due be greater, equal to or less than the amount of the damages referred to in any of the preceding Sections.

Section 24.07. No Waiver By Landlord. No receipt of moneys by Landlord from Tenant after termination of this Lease, or after the giving of any notice of termination of this Lease (unless in such latter case such receipt cures the Event of Default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rental payable by Tenant hereunder or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

Section 24.08. Tenant Waivers. After an Event of Default, and except as 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 of hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Lease in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease, and Landlord and Tenant waive and will 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 24.09. No Waiver By Tenant or Landlord. No failure by either party to insist upon the strict performance by the other 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 by Landlord during the continuance of any such breach and prior to Lease

termination (unless such receipt by Landlord cures such breach), shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by either party hereto, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other party. 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 24.10. Actions By Non-breaching Party. Except as provided herein, in the event of any breach or threatened breach by either party of any of the covenants, agreements, terms or conditions contained in this Lease, the other party shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any rights and remedies allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

Section 24.11. Rights and Remedies are Cumulative. Except as provided herein, each right and remedy of Landlord and Tenant, respectively, provided for in this Lease shall be cumulative and not singular or exclusive 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 either party 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 either party 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 24.12. Reimbursable Expenses of Landlord. Tenant shall pay to Landlord all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. Tenant also shall pay to Landlord all costs and expenses, including without limitation reasonable attorneys' fees and disbursements, incurred by Landlord in successfully enforcing any of the covenants and provisions of this Lease and incurred in any action brought by Landlord against Tenant on account of the provisions hereof, and all such costs, expenses, and attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by Landlord against Tenant on or under this Lease. All of the sums paid or obligations incurred by Landlord as aforesaid with interest at the involuntary Rate and costs shall be paid by Tenant to Landlord within fifteen (15) days after demand by Landlord.

Section 24.13. Funds Held by Depository. If this Lease terminates as a result of an Event of Default, as provided in Section 24.02 hereof, any funds held by Depository shall be paid to Landlord, which Landlord shall credit against any amounts due hereunder from Tenant.

ARTICLE 25

NOTICES

Section 25.01. Notice Procedure. Whenever it is provided herein that notice, demand, request or other communication shall or may be given to or served upon either of the parties by the other, and whenever either of the parties shall desire to give or serve upon the other any notice, demand, request or other communication with respect hereto or to the Premises, each such notice, demand, request or other communication shall be in writing and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served as follows:

(a) If by Landlord, by delivering the same by hand, recognized overnight courier, telecopy or mailing the same to Tenant by registered or certified mail postage prepaid, return receipt requested, addressed to Tenant at:

c/o Roosevelt Island Housing Management Corp.
495 Broadway
New York, New York 10012,
Att: President

with a copy to: Roosevelt Island Operating Corporation
591 Main Street
Roosevelt Island, New York 10044
Attention: President.

or to such other address(es) and attorneys as Tenant may from time to time designate by notice given to Landlord.

(b) If by Tenant, delivering the same by hand, recognized overnight courier, telecopy or by mailing the same to Landlord by registered or certified mail, postage prepaid, return receipt requested, addressed to Landlord, at:

591 Main Street, Roosevelt Island
New York, New York 10044
Attention: Senior Vice President, Legal

with a copy to: Troutman Sanders LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Attention: Mitchel A. Hill, Esq.

or to such other address(es) and attorneys as Landlord may from time to time designate by notice given to Tenant.

Section 25.02. Deemed Receipt. Every notice, demand, request or other communication hereunder shall be deemed to have been given or served when delivered, or hen delivery is first refused.

ARTICLE 26

FINANCIAL REPORTS

Section 26.01. Statements. Tenant shall furnish to Landlord the following:

(a) as soon as practicable after the end of each Amended Lease Year, but in any event within one hundred fifty (150) days thereafter, financial statements of Tenant and of the operations of the Premises, including, without limitation, balance sheets, income statements, and the amount of (and components of) gross income for the Amended Lease Year, and reported upon by a Certified Public Accountant in accordance with generally accepted auditing standards who shall render a written report thereon to Landlord; and

(b) at Landlord's request, (i) such reports as may be reasonably necessary in connection with computing and determining Base Room Rent and (ii) such information as is reasonably required by Landlord provided such information is normally maintained by Tenant in the ordinary course of its business; and

(c) at Landlord's request, within thirty (30) days after the consummation of any Transaction, a statement in reasonable detail of the actual Net Proceeds received in connection therewith and the calculation thereof, certified as complete and correct in all material respects in accordance with Accounting Principles by the chief operating officer or managing member or partner of Tenant or the designee of such chief operating officer or managing member or partner.

Section 26.02. Maintenance of Books and Records. Tenant shall keep and maintain at an office in New York City such information as is normally maintained by Tenant in the ordinary course of business in connection with the operations of the Premises from which Landlord may determine for each Amended Lease Year the items to be shown or set forth on the statements to be delivered to Landlord pursuant to Section 26.01 hereof and shall preserve, for a period of at least three (3) years after the end of each applicable period of time, such books and records. However, if, at the expiration of such three (3) year period, Landlord is seeking to contest or is contesting any matter relating to such records or any matter to which such records may be relevant, Tenant shall preserve these until the final adjudication, settlement or other disposition of any such contest.

Section 26.03. Books and Records.

(a) Inspection and Audits of Books and Records. Landlord or Landlord's agent or designee shall have the right from time to time during regular business hours, at Landlord's expense upon five (5) Business Days' notice, to inspect and audit and, at its option, duplicate, all of Tenant's books and records necessary to determine Tenant's compliance with or the enforcement of Landlord's rights under this Lease. Tenant shall produce them upon request of Landlord, Landlord's agent or designee. Subject to applicable law, Landlord shall hold in confidence, and shall cause all of Landlord's agents and designees to hold in confidence, all information obtained from Tenant's books, except as may be necessary for the enforcement of Landlord's rights under this Lease.

(b) Inspection By The City of New York. To the extent provided in the Master Lease, New York City or its designee shall have the right to examine all of said records, books of account and material information relating to the operation of the Premises and maintained by Tenant and any other person within the control of Tenant and also shall have such other rights with respect to examination of information relating to the Premises as are reserved to it under the Master Lease.

(c) Notice to Tenant of Underpayments of Rental. Should any audit performed by Landlord, Landlord's agent or designee disclose that any payment of Rental was understated, Landlord shall notify Tenant of the amount of the underpayment by a statement showing in reasonable detail the reasons why such payment of Rental was understated. Within thirty (30) days after Tenant has received notice of such underpayment from Landlord, Tenant shall either pay to Landlord the amount by which such payment of Rental was understated, with interest to the extent provided below, or deliver to Landlord a statement contesting Landlord's determination of underpayment and giving the reasons therefor in reasonable detail. If Landlord and Tenant shall fail to agree as to the existence or amount of an underpayment the matter shall be submitted to arbitration pursuant to Article 34 hereof. Within thirty (30) days after it is determined by agreement between Landlord and Tenant or by arbitration that a payment of Rental was understated, Tenant shall pay to Landlord the amount of the deficiency with interest to the extent provided below. Any payment of a deficiency pursuant to this Section shall bear interest at the Involuntary Rate from the date of the underpayment to the date of the payment of the deficiency.

(d) Tenant's Payment of Audit Costs. If an audit reveals that any Additional Rent, a Transaction Payment or a PILOCT was understated by more than the greater of (i) three percent (3%) of the payment that was due to be paid and (ii) $25,000, Tenant shall pay the reasonable cost of the audit within ten (10) days of submission to Tenant of such audit findings.

Section 26.04. Survival Clause. The obligations of Tenant hereunder shall survive the Expiration Date.

ARTICLE 27

SUBORDINATION; MASTER LEASE

Section 27.01. Subordination of Lease. This Lease and all rights of Tenant hereunder are, and shall remain, subject and subordinate in all respects to the Master Lease. Except as otherwise provided in this Lease, Landlord's interest in this Lease shall not be subject or subordinate to (a) any Mortgage placed on Tenant's interest or (b) any other liens or encumbrances hereafter affecting Tenant's interest in this Lease. Tenant covenants and agrees that except as expressly provided herein, Tenant shall not do anything or omit to do anything that Tenant is obligated to do under the terms of this Lease so as to cause Landlord to be in default under the Master Lease.

Section 27.02. Master Lease. Landlord covenants and agrees that it shall not enter into or cause there to be entered into any amendment or supplement to the Master Lease (which for purposes of this Section, does not include the GDP), which:

(a) materially increases or materially affects Tenant's obligations under this Lease,

(b) materially decreases or materially affects Tenant's monetary rights under this Lease,

(c) limits Tenant's rights under this Lease to dispose of or assign its interest in, the Premises, or

(d) alters the rights of a Mortgagee;

unless such amendment or supplement is consented to by Tenant (or, in the case of (d), by each Mortgagee), or is made subject and subordinate to this Lease and to the rights of such Mortgagee. Landlord agrees to comply with the terms of the Master Lease, to the extent failure to do so would have a material adverse effect on Tenant or the Premises.

ARTICLE 28

EXCAVATIONS AND SHORING

If any excavation shall be made or contemplated to be made for construction or other purposes upon property adjacent to the Premises, Tenant, shall afford to the Person 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 such Person shall consider to be necessary, to preserve any of the walls or structures of the Premises 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, so as not to unreasonably interfere with the conduct of business in or use of the Premises, subject to the applicable Requirements and without reimbursed cost to Tenant, (ii) Tenant shall have an opportunity to have appropriate and necessary representation present during all such work and (iii) Tenant shall be indemnified by such Person against any injury or damage to the Buildings which may result from any such work, but shall not have any claim against Landlord for suspension, diminution, abatement or reduction of Rental payable by Tenant hereunder.

ARTICLE 29

CERTIFICATES BY LANDLORD AND TENANT

Section 29.01. Tenant Certificate. At any time and from time to time upon not less than ten (10) days' notice by Landlord, Tenant shall execute, acknowledge and deliver to Landlord or any other party specified by Landlord a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting Rental has been paid, and stating whether or not to the knowledge of Tenant, Landlord is in default in performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge.

Section 29.02. Landlord Certificate. 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 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 the Rental payable by Tenant hereunder has been paid, and stating whether or not to the knowledge of the signer of such certificate Tenant is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Landlord may have knowledge. At the request of Tenant and at Tenant's expense, Landlord shall request a statement in writing from Master Landlord certifying that the Master 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 the rental payable by Landlord, as tenant thereunder, has been paid, and stating whether or not the Master Landlord is in default in the performance of any covenant, agreement or condition contained in the Master Lease, and, if so, specifying each such default, and stating whether or not to the knowledge of the signer of such certificate Landlord, as tenant, is in default in the performance of any covenant, agreement or condition contained in the Master Lease, and, if so, specifying each such default of which Master Landlord may have knowledge. If Master Landlord shall fail to deliver such a certificate, then, in lieu thereof, Landlord shall execute, acknowledge and deliver to Tenant a statement certifying that Landlord has not executed and delivered to Master Landlord any instrument modifying the Master Lease (or if Landlord has executed such an instrument, stating the modifications) and that, to Landlord's knowledge, the Master Lease is in full force and effect and no default exists thereunder.

ARTICLE 30

CONSENTS AND APPROVALS

Section 30.01. No Waiver. All consents and approvals which may be given under this Lease shall, as a condition of their effectiveness and except where otherwise expressly provided in this Lease, be in writing. It is understood and agreed that the granting of any consent or approval by Landlord to Tenant to perform any act of Tenant requiring Landlord's consent or approval under the terms of this Lease or the failure on the part of Landlord to object to any such action taken by Tenant without Landlord's consent or approval, shall not be deemed a waiver by Landlord of its right to require such consent or approval for any further similar act by Tenant, and Tenant hereby expressly covenants and warrants that as to all matters requiring Landlord's consent or approval under the terms of this Lease, Tenant shall secure such consent or approval for each and every happening of the event requiring such consent or approval, and shall not claim any waiver on the part of Landlord of the requirement to secure such consent or approval.

Section 30.02. General Consents. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is required, then (i) unless expressly provided otherwise in this Lease, if the party who is to give its consent or approval shall not have notified the other party within fifteen (15) Business Days or such other period as expressly specified in this Lease after receiving such other party's request for a consent or approval that such consent or approval is granted or denied, and if the latter, the reasons therefor in reasonable detail, such consent or approval shall be deemed granted, and (ii) if upon notice that a consent or approval is denied, the

notified party contests such denial in accordance with this Lease and a final determination that the consent or approval was unreasonably withheld or that such specified standard has been met so that the consent or approval should have been granted, the consent or approval shall be deemed granted and such granting of the consent or approval shall be the only remedy to the party requesting or requiring the consent or approval.

Section 30.03. Legend Requirement. Whenever the consent or approval of Landlord or Tenant is required within a specifically provided period of time under the provisions of this Lease, then Landlord or Tenant shall place on the envelope containing the request for such consent or approval the words "URGENT - IMMEDIATE RESPONSE CONTRACTUALLY REQUIRED" in capitalized letters large enough to be clearly distinguished.

Section 30.04. Unreasonable Delays. If it is provided that a particular consent or approval by Landlord or Tenant is not to be unreasonably withheld, such consent or approval also shall not be unreasonably delayed or conditioned.

ARTICLE 31

SURRENDER AT END OF TERM

Section 31.01. Condition of Premises. 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 surrender and deliver up to Landlord, without any payment or allowance whatever by Landlord, the Premises in good order, condition and repair, reasonable wear and tear, damage by fire or other casualty and condemnation excepted, free and clear of all lettings, occupancies, liens and encumbrances other than those, if any, (a) existing at the Amended Commencement Date and which lawfully may not be terminated, (b) created by Landlord, (c) resulting from any taking or condemnation of all or any part of the Premises or (d) which are tenancies which, under Applicable Law (and not the applicable lease agreements themselves), may not be terminated by Tenant by the last day of the Term or by the date of any earlier termination of this Lease. Tenant hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date. Notwithstanding the foregoing, Tenant shall not be responsible for the condition of that portion of the Premises subleased under the Commercial Sublease, except to the extent of Tenant's obligations thereunder as Sublandlord.

Section 31.02. Delivery of Agreements, Certificates, Warranties and Records. 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 (to the extent in Tenant's possession or reasonably available to Tenant), Tenant's executed counterparts of all Subleases and any service and maintenance contracts then affecting the Premises (or copies if originals are not available), true and complete maintenance records for the Premises, all licenses and permits then pertaining to the Premises, permanent or temporary certificates of occupancy then in effect for the Buildings, 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 Buildings, together with a duly executed assignment thereof to Landlord (in form mutually agreeable to the parties, prepared at Landlord's expense), and books and records required by

Article 26 hereof and other documents of every kind and nature whatsoever relating to the Premises and reasonably requested by Landlord (to the extent in Tenant's possession or reasonably available to it (but in such case shall provide copies thereof).

Section 31.03. Abandonment of Personal Property. Any personal property of Tenant or of any Subtenant, Unit owner or subtenant of a Unit which shall remain on the Premises after the termination of this Lease and after the removal of Tenant or such Subtenant, Unit owner or subtenant of a Unit from the Premises, may, at the option of Landlord, be deemed to have been abandoned by Tenant or such Subtenant, Unit owner or subtenant of a Unit and either may be retained by Landlord as its property or be disposed of, without accountability, in such manner as Landlord may see fit. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant or any Subtenant, Unit owner or subtenant of a Unit.

Section 31.04. Survival. The obligations of Tenant under this Article 31 shall survive the Expiration Date, except that Tenant shall have no obligation to furnish information relating to the Premises for periods which follow the Expiration Date.

ARTICLE 32

MORTGAGES

Section 32.01. Effect of Mortgages. Subject to the provisions of Article 10 and this Article 32, Tenant may mortgage its interest in the Premises and grant a security interest in personal property situated thereon . No Mortgage shall extend to, affect, or be a lien or encumbrance upon, the estate and interest of Landlord in the Premises or any part thereof and with the exception of the rights granted to Mortgagee pursuant to the provisions of this Article 32 hereof, the execution and delivery of Mortgage does not give nor shall be deemed to give any Mortgagee any greater rights against Landlord than those granted to Tenant hereunder.

Section 32.02. Right to Cure Tenant's Defaults.

(a) Notice. If Tenant shall mortgage Tenant's interest in this Lease (other than the existing mortgage with First Mortgagee, of which Landlord has notice), Tenant shall give Landlord prompt notice of such Mortgage and furnish Landlord with a complete and correct copy of such Mortgage, certified as such by Tenant or such Mortgagee, together with the name and address of such Mortgagee. After receipt of the foregoing, Landlord shall give to each Mortgagee, at the address of such Mortgagee set forth in such notice or to such other address as Mortgagee may from time to time designate by notice given to the Landlord in accordance with Article 24 and otherwise in the manner provided in Article 24 hereof, a copy of each notice of Default. Landlord shall endeavor to provide such notice at the same time as it gives notice of Default to Tenant, but no failure to provide a concurrent copy shall affect the validity of the notice of Default delivered to the Tenant.

(b) Right and Time to Cure. Except as otherwise provided in Section 32.03(e) hereof, and subject to the provisions of Section 32.05 hereof, the First Mortgagee shall have a period of (i) thirty (30) days after receipt of any such notice, in the case of a Default in the payment of Rental, and (ii) ninety (90) days (subject to Unavoidable Delays) (which period shall

begin to run upon the giving of such Notice to the First Mortgagee) within which to remedy such Default (unless such Default cannot with reasonable diligence be cured within ninety (90) days, in which event, if such First Mortgagee proceeds to remedy such default within such ninety (90) day period and thereafter prosecutes the remedying of such default with all reasonable diligence, the period of time after the giving of such notice within which to remedy the default shall be extended for such period as may be necessary to remedy the same with all reasonable diligence); provided, however, while effectuating such cure First Mortgagee shall pay all Rental as and when due.

(c) Mortgagee's Performance. Subject to the provisions of Section 32.05 hereof, Landlord shall accept timely performance by the First 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. In the case of a Default where possession of the Premises is required in order to cure the Default, or is a Default which is otherwise not susceptible of being cured by the First Mortgagee, if the First Mortgagee has instituted foreclosure proceedings, and is continuously prosecuting the foreclosure proceedings with diligence and continuity to obtain possession, the cure periods referred to in Section 32.03(b) shall not begin to run until the First Mortgagee so obtains possession. The rights of a Mortgagee under this Section 32.03(c), shall not apply unless such First Mortgagee shall have delivered to Landlord, in writing, its agreement (i) to take the action required, and (ii) 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, including, without limitation, payment of all Rental as and when due. However, at any time after the delivery of the aforementioned agreement, the First Mortgagee may notify Landlord, in writing, that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them, or that it deems that the Default has been cured, and in such event such First 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 if such First Mortgagee delivers such notice, unless the Default has been cured, 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 32.04 shall be applicable.

(d) Non-curable Defaults. Notwithstanding anything herein contained to the contrary, provided such First Mortgagee shall have otherwise complied with the provisions of this Section 32.03, such First Mortgagee shall have no obligation to cure any Defaults which are not susceptible to being cured by such First Mortgagee.

Section 32.03. Execution of New Lease.

(a) Notice of Termination. If this Lease is terminated by reason of an Event of Default, Landlord shall give prompt notice thereof to the First Mortgagee whose name and address Landlord has received at the address of such Mortgagee set forth in such notice, and otherwise in the manner provided in Article 25.

(b) Request for and Execution of New Lease. If, within sixty (60) days of the giving of the notice referred to in Section 32.03(a) hereof, the First Mortgagee requests a new lease, then subject to the provisions of Sections 32.04(c) and 32.05 hereof, within sixty (60) days after Landlord has received such request, Landlord and such First Mortgagee shall execute and deliver a new lease of the Premises for the remainder of the Term to the First Mortgagee, or any designee or nominee of the First Mortgagee approved by Landlord. The new lease shall contain all of the covenants, conditions, limitations and agreements contained in this Lease.

(c) Conditions Precedent to Landlord's Execution of New Lease. The provisions of Section 33.04(b) hereof notwithstanding, Landlord shall not be obligated to enter into a new lease with the first lien Mortgagee unless such First Mortgagee or nominee or designee pays to Landlord, concurrently with the execution and delivery of the new lease, all 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 in connection with the Event of Default, the termination of this Lease and the preparation of such new lease. If at the time Landlord enters into a new lease with First Mortgagee any portion of the Premises shall have been subjected to a condemnation, then Landlord's obligation to enter into a new lease with such Mortgagee shall be only for the Premises as reduced.

(d) No Waiver of Default. The execution of a new lease shall not constitute a waiver of any Default existing immediately before termination of this Lease and, except for a Default which is not susceptible of being cured by the Mortgagee, the tenant under the new lease shall cure, within the applicable periods set forth in Section 32.02 hereof, all Defaults existing under this Lease immediately before its termination.

(e) Assignment of Subleases. Upon the execution and delivery of a new lease pursuant to the provisions of Section 32.03 hereof, all subleases that may have been assigned to Landlord and all direct leases between Landlord and any occupants of the Premises shall be assigned and transferred, without recourse, by Landlord to the tenant named in the new lease.

Section 32.04. Mortgagee Participation.

(a) Arbitration Participation. Under any circumstances in which arbitration is provided for herein, if required under the terms of any Mortgage, Tenant shall give each Mortgagee notice of the demand for arbitration, and Landlord shall recognize each Mortgagee as a proper party to participate in the arbitration in accordance with Article 34.

(b) Participation at Condemnation Proceedings. Mortgagee has the right to appear in any condemnation proceedings and to participate in any and all hearings, trials and appeals in connection with a taking referred to in Article 9 hereof.

Section 32.05. Application of Subrents. Wherever in this Lease Landlord is permitted to collect Subrents, such right shall not limit the right of a Mortgagee to collect rents and other sums pursuant to a collateral assignment of the subleases, provided that such sums shall be held in trust and employed first to pay Rental due hereunder.

Section 32.06. Application of Insurance or Condemnation, Proceeds. To the extent that this Lease requires that insurance proceeds paid in connection with any damage or destruction to the Buildings, or the proceeds of an award paid in connection with a taking referred to in Article 9 hereof, be applied to restore any portion of the Buildings, no Mortgagee has the right to apply the proceeds of insurance or awards toward the payment of the sum secured by its Mortgage.

Section 32.07. Amendments and Modifications to Lease. No adverse modification of or amendment to, or termination or cancellation of this Lease (a "change") shall be effective as against a Mortgagee unless the proposed change shall have been delivered to such Mortgagee and such Mortgagee shall have either: (a) approved the change in writing or (b) failed to disapprove the change in writing within thirty (30) days after receipt of a copy thereof.

ARTICLE 33

QUIET ENJOYMENT

Landlord covenants that, if and as long as Tenant shall faithfully perform the agreements, terms, covenants and conditions hereof, 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 its assigns, successors or agents.

ARTICLE 34

ARBITRATION

Section 34.01. Arbitration. In such cases where this Lease expressly provides for the settlement of a dispute or question by arbitration, and only in such cases, the same shall be determined by arbitration conducted in New York, New York, in accordance with the commercial rules then obtaining at the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof. The party desiring arbitration shall appoint a disinterested person as arbitrator on its behalf and give notice thereof to the other party who shall, within fifteen (15) days thereafter, appoint a second disinterested person as arbitrator on its behalf and give written notice thereof to the first party. The arbitrators thus appointed shall appoint a third disinterested person, and said three (3) arbitrators shall, as promptly as possible, determine the matter which is the subject of the arbitration. The decision of the majority of the arbitrators shall be conclusive and binding on all parties and judgment upon the award may be entered in any court having jurisdiction. If a party who shall have the right pursuant to the foregoing to appoint an arbitrator fails or neglects to do so, then and in such event the other party (or if the two arbitrators appointed by the parties shall fail within fifteen (15) days after the appointment of the second arbitrator to appoint a third arbitrator, then either party) may apply to any court of competent jurisdiction to appoint such arbitrator. The expenses of arbitration shall be shared equally by Landlord and Tenant but each party shall be responsible for the fees of its own attorneys. Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement

hereunder to submit to arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease, and their jurisdiction is limited accordingly.

ARTICLE 35

INVALIDITY OF CERTAIN PROVISIONS

If a court of competent jurisdiction shall make a final determination that any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 36

EASEMENTS; AMENDMENT OF LEGAL DESCRIPTION

Section 36.01. Easements. Subject to the provisions of Article 36 hereof, Landlord hereby grants to Tenant during the Term, the following non-exclusive licenses, easements and rights-of-way:

(a) easement and right-of-way for the passage of pedestrian traffic over all streets, roads or avenues (collectively the "Streets") running between the Premises and other improvements constructed on Roosevelt Island which are open;

(b) easement and right-of-way for the passage of bicycles, baby carriages, shopping carts, velocipedes, strollers, and other non-motorized iteins of a similar nature, over all Streets or rights-of-way subject to the Rules and Regulations;

(c) a license over such portion of the land covered by the Master Lease as is (i) necessary for use in maintenance of the Buildings, and (ii) not covered by any other lease, sublease or License; and

(d) easement, right-of-way and right of access for the passage of vehicular traffic, subject to the Rules and Regulations, (i) over all streets, roads, or avenues on Roosevelt Island.

ARTICLE 37

NON-DISCRIMINATION AND AFFIRMATIVE ACTION PROGRAM

Section 37.01. In connection with any Major Capital Improvement, Tenant agrees to comply with all applicable laws and with any rules and regulations which are from time to time promulgated by Landlord or by any other governmental agency whose rules and regulations are

adopted by Landlord, including, without limitation, rules relating to affirmative action, and use of Minority Business Enterprises and Women Owned Business Enterprises.

ARTICLE 38

ISLAND SERVICES AND COMMUNITY FACILITIES

Section 38.01. (a) Island Services Generally. Landlord acknowledges that it or its designees or predecessors, have provided or caused to be provided certain services to the Roosevelt Island community which are in addition to services normally provided by municipalities ("Island Services") including, but not limited to (i) Tramway service and substitute bus service to Manhattan, (ii) the central pneumatic collection system for the disposal and removal of refuse ("AVAC"), (iii) minibus service, (iv) security services, (v) community worker service, and (vi) maintenance of (A) landscape of all areas not leased to other tenants of Landlord, (B) the streets, (C) recreational and athletic facilities, and (D) parking in designated areas.

(b) Charges for Island Services. Landlord may impose on Tenant a charge for the furnishing of any Island Service, including Public Safety Payments, in which event Tenant shall pay Tenant's Pro Rata Share of such charge on a monthly basis (any such charge, excluding Public Safety Payments, an "Island Services Charge"). If Tenant fails to pay such charge, Landlord (in addition to any other rights and remedies provided herein) shall have all of the rights and remedies provided for by law or hereunder in the case of non-payment of rent. Landlord may bill and Tenant shall pay Island Services Charges in the same manner as Community Facilities Payments are billed and paid. To the extent Tenant actually pays any Island Services Charges, Tenant's obligation with respect to the next installment of Additional Rent after such actual payment shall be reduced dollar for dollar for each dollar of Island Services Charges paid.

(c) Public Safety Payments. Tenant shall make payments ("Public Safety Payments") to Landlord in the amount of Tenant's Pro Rata Share for each of the Residential Buildings, such payments to be made monthly, as Additional Rent. The Public Safety Payment shall be calculated to include the wage rate (including fringe benefits) paid by Landlord to security personnel on Roosevelt Island during the Term. If Tenant fails to pay such payment, Landlord (in addition to any other rights and remedies provided herein) shall have all of the rights and remedies provided for by law in the case of non-payment of rent. If Landlord ceases to provide a security force for Roosevelt Island, Tenant shall not be obligated to make the payments required by this Section 38.01(c). Public Safety Payments shall in no event reduce Additional Rent or any other amounts payable hereunder.

(d) Additional Island Services. Landlord shall have the right to designate any or all of the matters set forth in Section 38.01 as "Island Services," provided such designation is applicable to all residential projects on Roosevelt Island in a non-discriminatory manner and provided further that New York City would no longer be responsible as the local municipal government as a matter of law in the absence of any contractual or lease obligations whatsoever for the providing of such services.

Section 38.02. Change in or Curtailment or Discontinuance of Island Services. Landlord reserves the right to change, curtail or discontinue any or all of the Island Services provided Landlord changes, curtails or discontinues such service for all of the residential projects on Roosevelt Island in a non-discriminatory manner, and shall not be liable to Tenant or Subtenants if Landlord elects not, refuses, or fails, to furnish any or all of the Island Services, or for any injury to any Person or damage to the Premises or any property caused by, or resulting from the furnishing, curtailment or discontinuance of, or changes in, or any failure to furnish Island Services. Notwithstanding the foregoing, except in case of emergency, Landlord shall give Tenant reasonable advance notice of the curtailment or discontinuance of Tramway or substitute bus service and ninety (90) days notice of the discontinuance of AVAC service. Nothing contained herein shall be deemed to relieve Landlord from liability to Tenant by reason of the negligence or wrongful acts of Landlord, its agents or employees.

Section 38.03. Public Safety.

(a) Tenant may hire its own security personnel for the Premises, provided that the security services of Landlord shall not be impeded or limited in their access to the Buildings.

(b) Landlord shall have the right to enter the Premises in connection with performance of Landlord's security services, including the right to enter the Buildings in response to calls from Subtenants or other occupants of the Buildings or while in pursuit.

(c) Landlord shall have the right, at its cost and expense, to install antennae on the roofs of the Buildings for security radio provided (i) Tenant shall have approved the plans therefor, which approval shall not be unreasonably withheld, (ii) the antennae shall comply with all Requirements applicable thereto and (iii) such installation shall not violate the provisions of any insurance maintained by Tenant.

Section 38.04. AVAC/Refuse Disposal. Tenant shall use the AVAC system serving Roosevelt Island for the disposal and removal of all refuse for which it was designed by depositing all such refuse into the existing AVAC input stations, which Tenant shall maintain. Refuse which the AVAC is not designed to process shall not be disposed in or through the AVAC. Tenant agrees that, at its sole cost and expense (and not as deduction from Base Rent, Fixed Additional rent or Additional Rent), it shall dispose of and remove from the Premises all refuse which the AVAC is not designed to process, or all refuse if the AVAC system is discontinued, in such manner as Landlord shall approve pursuant to agreements entered into by Landlord on behalf of Tenant, which agreements shall be subject to Tenant's approval, such approval not to be unreasonably withheld, or such other agreements as Landlord shall approve, such approval not to be unreasonably withheld. If such disposal and removal is pursuant to agreements entered into by Landlord, Tenant shall pay to Landlord, within thirty (30) days after demand, at Landlord's option, either (i) Tenant's Pro Rata Share of all costs and expenses incurred by Landlord under such agreements, or (ii) the costs and expenses attributable to the Premises which are incurred by Landlord under such agreements. If Tenant fails to pay such costs and expenses, Landlord (in addition to any other rights and remedies provided herein) shall have all of the rights and remedies provided for by law in the case of non-payment of rent. Landlord represents, that as of the Amended Commencement Date, there is no condition or event to Landlord's knowledge, that would cause the termination of AVAC service.

Section 38.05. Community Facilities.

(a) As its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading the Parks and any other parks or open spaces within or adjacent to the Premises, the curbs and the street trees, and similar community facilities (collectively, the "Community Facilities") in other portions of Roosevelt Island, including, at Landlord's election, the costs of creating and maintaining a reasonable reserve fund and of insuring the Community Facilities or any part thereof, Landlord may require Tenant, for each Amended Lease Year or portion thereof during the Term, to pay to Landlord annually (the "Community Facilities Payment") an amount equal to Tenant's Pro Rata Share of such costs; provided that Landlord, at its sole option and at any time, may establish such alternative method of determining Tenant's Pro Rata Share of the amount of the Community Facilities Payment as may be equitable with respect to all tenants of Landlord within Roosevelt Island.

(b) For each Amended Lease Year or portion thereof, as soon as shall be practicable after the end of such Amended Lease Year, Landlord shall submit to Tenant a statement setting forth (1) the costs incurred by Landlord during such Amended Lease Year and attributable to the Community Facilities, together with supporting documentation, and (2) Tenant's Community Facilities Payments as calculated pursuant to Section 38.05. Within thirty (30) days of the date any such statement and documentation are submitted to Tenant, Tenant shall pay the Community Facilities Payment made by Tenant for the Amended Lease Year. Alternatively, Landlord may require that Tenant pay the Community Facilities Payment one-twelfth (1/12) per month, on the first day of each month. Landlord may reasonably estimate such Community Facilities Payment to calculate the monthly amount due. After the end of each Amended Lease Year, Landlord shall determine the actual Community Facilities Payment and if there is a shortfall, Tenant shall pay it to Landlord within thirty (30) days of demand. If Tenant has overpaid, such amount will be credited against Rental next due from Tenant. Tenant shall continue to pay its monthly amount until a new value is delivered to Tenant. All Community Facilities Payments actually paid shall reduce dollar for dollar Additional Rent payments next due hereunder from Tenant after said payment is made.

(c) Landlord shall have the right to transfer to a trust or other entity the responsibility of performing Landlord's maintenance obligations and the right to receive installments of the Community Facilities Payment directly from Tenant, and if Landlord shall effect such a transfer, Tenant shall have the right to require such trust or other entity to perform the responsibilities and exercise the rights so transferred notwithstanding any transfer of Landlord's interest in the parcels, or in the leases of the parcels, within the Premises. Upon such a transfer by Landlord and provided such trust or other entity, in writing, assumes and agrees to perform Landlord's maintenance obligations (in accordance with this Lease) for the benefit of all tenants of parcels within the Premises, from and after the date of such assumption, Landlord shall have no further liability arising thereafter with respect hereto. Landlord shall give Tenant notice of the consummation of any such transfer. Notwithstanding such transfer, the Community Facilities Payment shall, at all times, constitute Rental hereunder. Thereafter, for each Amended Lease Year, such trust or other entity shall submit to Tenant the documentation and other information required by Section 36.05 and shall give notice thereof to Tenant in the same manner as would otherwise be required of Landlord.

(d) Tenant shall provide non-discriminatory access to and use of the Community Facilities located on the Premises by any and all residents of Roosevelt Island. Tenant shall administer the use, maintain and keep the Community Facilities building and the Community Facilities located on the Premises in good repair and shall furnish or cause to be furnished all utilities, air-conditioning, heating and other services. Tenant covenants and agrees that any outdoor recreational facilities and plazas which are a part of the Premises, as more particularly shown on the Plans and Specifications, shall not be fenced or otherwise enclosed nor access thereto restricted in any unreasonable manner and, shall be maintained by Tenant in good repair and appearance.

(e) Intentionally Omitted.

(f) Youth Programs. Commencing on the Amended Commencement Date and continuing for a period of four (4) years thereafter, Tenant shall pay to Landlord sufficient funds, in the aggregate of between Fifty Thousand Dollars ($50,000) and Seventy-Five Thousand Dollars ($75,000) per year, to cover the salaries of two persons who will operate recreational and other programs for Roosevelt Island youth, provided that Landlord shall similarly fund the salaries of two other such persons. The determination of such salaries shall be made by Landlord, subject to the monetary limitations hereinabove set forth. Tenant shall also work closely with Landlord, the Roosevelt Island Residents Association and other Roosevelt Island organizations to develop effective youth programs on Roosevelt Island. At the conclusion of the four-year period, Landlord and Tenant shall jointly evaluate the need for and feasibility of further participation by Tenant in the youth program. The costs of the youth program, to the extent actually paid, shall reduce dollar for dollar Additional Rent next payable after said costs are paid.

(g) Sportspark. Tenant shall participate with Landlord, the Roosevelt Island Residents Association and other involved Roosevelt Island organizations in assessing the feasibility of refurbishing and operating the Sportspark as a full service seven-day a week facility for Roosevelt Island residents. The feasibility study shall among other things, identify and make specific recommendations with respect to the obligations that might be required by Landlord, the Northtown Phase I housing companies, Tenant and others to operate the Sportspark on a full-time basis.

(h) Library Contribution. Tenant shall pay to Landlord on the Amended Commencement Date the sum of Twenty-Five Thousand Dollars ($25,000) to be used by Landlord in connection with improving and expanding the Roosevelt Island Library.

(i) Senior Center. Tenant, at its expense, shall continue to operate and maintain, in the manner generally operated and maintained as of the Amended Commencement Date, and in the location existing as of the Amended Commencement Date, the senior center.

Section 38.06. Transportation.

(a) Other Tenant Transportation. Without Landlord's prior approval, not to be unreasonably withheld, Tenant shall not operate or cause to be operated for residents of Roosevelt Island or applicants or prospective applicants for apartments thereon, any mode of transportation to, from or on Roosevelt Island.

Section 38.07. No Third Party Rights. The provisions of this Article 38 shall not be deemed to grant any rights to any Person, including, without limitation, any subtenant or other resident on or visitor to Roosevelt Island, except Tenant and/or Landlord, and the terms of this Article 38 shall be enforceable only by Tenant and/or Landlord.

ARTICLE 39

[INTENTIONALLY DELETED]

ARTICLE 40

MISCELLANEOUS

Section 40.01. Captions. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

Section 40.02. Table of Contents. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Lease or as supplemental thereto or amendatory thereof.

Section 40.03. Gender and Successors. 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 "successor and assign" or "successors and assigns" of Landlord or Tenant shall be deemed to include the heirs, legal representatives and assigns of any individual Landlord or Tenant. Words of the masculine gender shall mean and include correlative words of the feminine and neuter gender and words imparting the singular shall mean and include the plural and vice versa.

Section 40.04. Reference to Landlord or Tenant. If more than one party is named as or becomes Landlord or Tenant hereunder, Landlord or Tenant, as the case may be, may require the signatures of all such parties in connection with any notice to be given or action to be taken by Landlord or Tenant, as the case may be, hereunder. Subject to the provisions of Sections 39.05 and 39.09 hereof, each party named as Landlord or Tenant shall be fully liable for all of Landlord's or Tenant's, as the case may be, obligations hereunder. Any notice by Landlord or Tenant to any party named as Landlord or Tenant, as the case may be, shall be sufficient and shall have the same force and effect as though given to all parties named as Landlord or Tenant, as the case may be.

Section 40.05. Landlord's Exculpation. The liability of Landlord or of any Person who has at any time acted as Landlord hereunder for damages or other monetary amounts shall be limited to Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability

(personal or otherwise) hereunder beyond Landlord's interest in the Premises, 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. This Section shall survive termination of the Lease.

Section 40.06. Non-Merger of Lease. Except as otherwise expressly provided in this Lease, there shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or any part thereof by reason of the same Person acquiring or holding, directly or indirectly, any interest in this Lease or the leasehold estate created hereby as well as an interest in the fee estate in the Premises.

Section 40.07. Transfer of Landlord's Interest. If Landlord or any successor to its interest hereunder ceases to be the tenant under the Master Lease or there is any sale or sales, assignment or assignments, or transfer or transfers of the tenant's leasehold interest in the Premises under the Master Lease, the seller, assignor or transferor, 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 from and after the date of such sale, assignment 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 Premises including, without limitation, the purchaser, assignee or transferee on any such sale, assignment or transfer, that such Person has assumed and agreed to carry out any and all agreements, covenants and obligations of Landlord hereunder accruing from and after the date of such acquisition, sale, assignment or transfer. Nothing hereinbefore set forth shall be construed to relieve Landlord from its obligation to comply with Landlord's agreements, covenants and obligations under this Lease required to be performed prior to the date of any such sale, assignment or transfer of Landlord's interest in the Master Lease.

Section 40.08. Transfer of Tenant's Interest. If North Town Roosevelt, LLC or any successor to its interest hereunder ceases to have any interest in the leasehold estate hereby created by reason of any authorized and valid sale or sales, assignment or assignments or transfer or transfers of the Tenant's interest hereunder in accordance with the terms of Articles 10 and 32 of this Lease, the seller, assignor or transferor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Tenant hereunder to be performed from and after the date of such sale, assignment 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 40.09, 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. Nothing hereinbefore set forth shall be construed to relieve Tenant from any liability with respect to agreements, covenants and obligations required to be performed under this Lease prior to the date of any such sale, assignment or transfer of the Tenant's interest hereunder.

Section 40.09. Amendment of Lease. This Lease cannot be changed or terminated orally, but only by a written instrument of change, modification, waiver or termination executed

by the party against whom enforcement of any change, modification, waiver or discharge is sought.

Section 40.10. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 40.11. Successors and Assigns. The agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Landlord and Tenant and their respective successors and (except as otherwise provided herein) assigns.

Section 40.12. No Joint Venture. Nothing herein is intended nor shall be deemed to create a joint venture or partnership between Landlord and Tenant, nor to make Landlord in any way responsible for the debts or losses of Tenant.

Section 40.13. Tax Benefits. As between Landlord and Tenant, Tenant shall have the exclusive right, if any, to all depreciation deductions, investment tax credits and other similar tax benefits attributable to any construction, demolition and Restoration performed by Tenant or attributable to the ownership of the Building. 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 40.13. Landlord neither makes nor implies any representations as to the availability of any such deductions, credits or tax benefits.

Section 40.14. Entire Agreement. This Lease, and the Exhibits hereto, and the rent roll separately initialed by each party, 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 set forth other than as may be expressly contained in any written agreements or instruments executed by the parties or a party hereto.

Section 40.15. Counterparts. This Lease may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties or signatories hereto may execute this Lease by signing any of such counterparts.

Section 40.16. Liability of Tenant. None of Tenant's members, managers, partners, officers, directors, or stockholders, shall have any personal liability in connection with the performance or failure of performance of any of the covenants, conditions or provisions of this Lease to be performed by Tenant, and Landlord shall look solely to Tenant and Tenant's interest in the Premises and in this Lease for the recovery of any damages sustained by reason of such performance or failure to perform.

Section 40.17. Liability of Landlord. The word "Landlord" in this Lease includes the Landlord executing this Lease as well as its successors and assigns, each of which shall have the same rights, remedies, powers, authorities and privileges as it would have had it originally signed this Lease as Landlord. Any person or entity, whether or not named in this Lease, shall have no liability under this Lease after it ceases to hold title to the Premises except for obligations already accrued. Tenant shall look solely to Landlord's successor in interest (to the extent assumed by such successor) for the performance of the covenants and obligations of the Landlord hereunder

which subsequently accrue. Landlord shall not be deemed to be in default under this Lease unless Tenant gives Landlord notice specifying the default and Landlord fails to cure the default within 30 days following Tenant's notice, provided, however, if the default cannot reasonably be cured within such 30 day period, Landlord shall be afforded additional reasonable time to cure the default if Landlord begins to cure the default within 30 days following receipt of Tenant's notice and continues diligently in good faith to completely cure the default. In no event shall Landlord be liable to Tenant for any loss of business or profits of Tenant or for consequential, punitive or special damages of any kind. No principal of Landlord or of any owner of the Premises, whether disclosed or undisclosed, shall have any personal liability with respect to any of the provisions of this Lease or the Premises; Tenant shall look solely to the equity of Landlord in the Premises for the satisfaction of any claim by Tenant against Landlord.

Section 40.18. Reimbursement of Prevailing Party. In of the event of a default, or an alleged or asserted default, in the performance of any of the terms, covenants, agreements or conditions contained in this Lease, with respect to which a suit is actually filed and a final determination is made by a court of competent jurisdiction, the prevailing party shall be entitled to, and the other party shall pay, all of the prevailing party's costs and expenses, including reasonable attorneys' fees, which were incurred in connection with the action.

Section 40.19. Brokerage. Each of Landlord and Tenant represents and warrants to each other that it has dealt with no broker in connection with this Lease other than Jones Lang LaSalle (collectively, the "Broker") and that no other broker or other person with whom it has dealt had any part or was instrumental in any way in bringing about this transaction. Each of Landlord and Tenant shall indemnify and hold harmless the other from and against any and all loss, claims, liabilities, damages and expenses incurred by the other, including, without limitation, attorneys' fees and expenses and court costs, arising out of or in connection with any breach or alleged breach of the above representations by the breaching party or any claim by any person or entity with whom or which the breaching party has dealt for brokerage commissions or other compensation in connection with the consummation of this Lease. Landlord shall be responsible for payment of all commissions due to the Broker.

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

LANDLORD

ROOSEVELT ISLAND OPERATING CORPORATION

By: Judith A. Calogero
Name: Judith A. Calogero
Title: Chair.

TENANT

NORTH TOWN ROOSEVELT, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

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

LANDLORD

ROOSEVELT ISLAND OPERATING CORPORATION

By:_____
Name:
Title:

TENANT

NORTH TOWN ROOSEVELT, LLC,
a Delaware limited liability company

By: _____
Name: Rubin Schron
Title: Manager

EXHIBIT A

LEGAL DESCRIPTION OF LAND

EXHIBIT A

LEGAL DESCRIPTION OF LAND

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Roosevelt Island, County of New York, City and State of New York, bounded and described as follows:

As shown on Gibbs & Hill Drawing 2133-B-ST-22, dated March 27, 1972.

The description of parcels 9, 10 and 11 is given by portions lettered A, B, C, D, E, F and G for purpose of describing the irregular volume of the parcels along the future Main Road East Promenade. All portions, taken together, constitute the whole of Parcels 9, 10 and 11.

PORTION A

BEGINNING at a point said point being the intersection of the northerly line of parcels 9, 10 and 11 with westerly line of future East Promenade and having a coordinate of N 14032.45, E 18258.74, aforementioned point of beginning being also N 26 degrees 01 minutes 18 seconds E distance of 228.04 feet from a monument designated as SJR-13 and having a coordinate of N 13825.81, E 18162.29, all coordinates referring to the local coordinate system described herein below, and

RUNNING THENCE the following fourteen (14) courses along the westerly line of future East Promenade:

1.South 47 degrees 58 minutes 03 seconds West a distance of 29.60 feet
2.South 34 degrees 10 minutes 38 seconds West a distance of 37.33 feet
3.South 19 degrees 32 minutes 35 seconds West a distance of 37.72 feet
4.South 32 degrees 48 minutes 32 seconds West a distance of 113.37 feet
5.South 42 degrees 35 minutes 08 seconds West a distance of 38.67 feet
6.South 34 degrees 10 minutes 38 seconds West a distance of 37.33 feet
7.South 24 degrees 26 minutes 17 seconds West a distance of 51.23 feet
8.South 32 degrees 48 minutes 32 seconds West a distance of 177.38 feet
9.South 43 degrees 33 minutes 28 seconds West a distance of 38.77 feet
10.South 34 degrees 10 minutes 38 seconds West a distance of 37.33 feet
11.South 20 degrees 19 minutes 40 seconds West a distance of 37.59 feet
12. South 32 degrees 48 minutes 32 seconds West a distance of 111.37 feet
13. South 45 degrees 41 minutes 10 seconds West a distance of 62.17 feet
14. South 34 degrees 10 minutes 38 seconds West a distance of 46.00 feet to a corner;

THENCE turning and running along future Blackwell Park East, The following three (3) courses:

15. North 55 degrees 49 minutes 22 seconds West a distance if 165.14 feet
16. South 34 degrees 10 minutes 38 seconds West a distance of 106.00 feet
17.North 55 degrees 49 minutes 22 seconds West a distance of 157.20 feet to a point on the easterly line of future Main Road, 62 feet wide,

THENCE tumings and running along aforementioned easterly line of future Main Road the following six (6) courses:

18. North 46 degrees 36 minutes 00 seconds East a distance of 117.42 feet
19. North 43 degrees 24 minutes 00 seconds West a distance of 2.00 feet
20. North 46 degrees 36 minutes 00 seconds East a distance of 38.23 feet
21. South 43 degrees 24 minutes 00 seconds East a distance of 2.00 feet
22. North 46 degrees 36 minutes 00 seconds East a distance of 257.88 feet
23. North 22 degrees 03 minutes 00 seconds East distance of 484.86 feet to a point of curvature,

THENCE (24) continuing along aforementioned easterly line of future Main road along a curve to the right of

radius R-169.00 feet, a distance along the arc of 15.00 feet to a point,

THENCE continuing along the aforementioned easterly line of future Main Road the following three (3) courses:

25. North10 degrees 49 minutes 22 seconds West a distance of 7.71 feet
26. North 34 degrees 10 minutes 38 seconds East a distance of 1.92 feet
27. North 79 degrees 10 minutes 38 seconds East a distance of 6.24 feet to a point on the aforementioned curve,

THENCE (28) continuing along the aforementioned easterly line of future main Road along a curve to the right of the radius R=169.00 feet, a distance along the arc of 46.32 feet to a point of tangency.

THENCE (29) still along the aforementioned easterly line of future Main Road North 46 degrees 51 minutes 00 seconds East, a distance of 5.42 feet to a comer.

THENCE (30) turning and running along the southerly line of parcel 7 and 8, 55 degrees 49 minutes 22 seconds East, a distance of 328.37 feet to a point and place of BEGINNING.

PORTION B

BEGINNING at a point on the easterly line of future Main Road, said point being a point of curvature and also the terminus of the 23rd course (North 22 degrees 03 minutes 00 seconds East, 484.86 feet) as described herein as Portion A, and running

THENCE along the aforementioned easterly line of future Main Road and the following two (2) courses:

1. South 22 degrees 03 minutes 00 seconds West a distance of 484.86 feet
2. South 46 degrees 36 minutes 00 seconds West a distance of 252.17 feet to a point;

THENCE , turning and running along the following four (4) courses

3. North 43 degrees 24 minutes 00 seconds West a distance of 13.33 feet
4. North 46 degrees 36 minutes 00 seconds East 249.28 feet
5. North 22 degrees 03 minutes 00 seconds East a distance of 481.96 feet
6. South 67 degrees 57 minutes 00 seconds East a distance of 13.33 feet to the point and place of BEGINNING.

Said portion being further described as a space having a vertical projection; the base or groundward limit of the space is a horizontal plane above the portion of the land described above, and having an elevation of 39.5 feet for 10 feet 0 inches outward from the easterly line of future Main Road and a elevation 42.0 feet for another 3.33 feet outward, said elevation being referenced to the Belmont Island Datum.

PORTION C

BEGINNING at a point on the westerly line of future East Promenade, said point being a point of curvature and also the terminus of the 14th course (South 34 degrees 10 minutes 38 seconds West, 46.00 feet) as described herein as Portion A, and running

THENCE along the aforementioned westerly line of future East promenade the following two (2) courses:

1. North 34 degrees 10 minutes 38 seconds East a distance of 46.00 feet
2. North 45 degrees 41 minutes 10 seconds East a distance of 4.08 feet to a point:

THENCE turning and running the following three (3) courses:

3. South 55 degrees 49 minutes 22 seconds East a distance of 44.92 feet
4. South 45 degrees 01 minutes 07 seconds West a distance of 50.91 feet
5. North 55 degrees 49 minutes 22 seconds West a distance of 36.15 feet to the point and place of BEGINNING.

Said portion being further as a space having a vertical projection; the base and groundward limit of the said space is a horizontal plane above the portion of the land described above, and having a n elevation of 29.00 feet for its entire area, said space having no upward boundary.

Elevation referenced to the Belmont Island Datum.

PORTION D

BEGINNING at a point on the Westerly line of future East Promenade, said point being the terminus of the 10th course (South 34 degrees 10 minutes 38 seconds West, 37.33 feet) as described herein as Portion A, and running

THENCE along the aforementioned westerly line of future east Promenade the following two (2) courses.

1. North 34 Degrees 10 minutes 38 seconds East a distance of 37.33 feet
2. North 34 degrees 33 minutes 28 seconds East a distance of 4.05 feet to a point

THENCE, turning and running the following three (3) courses:

3. South 55 degrees 49 minutes 22 seconds East a distance of 41.41 feet
4. North 32 degrees 48 minutes 46 seconds West a distance of 45.35 feet
5. North 55 degrees 49 minutes 22 seconds West a distance of 42.16 feet to a point on the aforementioned westerly line of future East Promenade.

THENCE (6) along the aforementioned westerly line of future East Promenade North 20 degrees 19 minutes 40 seconds East a distance of 4.12 feet to the point or place of BEGINNING.

Said portion being further described as a space having a vertical projection; the base or groundward limit of the said space is a horizontal plane above the portion of the land described above, and having an elevation of 29.00 feet for the entire area, said space having no upward boundary.

Elevation referenced to the Belmont Island Datum.

PORTION E

BEGINNING at a point on the westerly line of future East promenade, said point being a point of curvature and also the terminus of the 6th course (South 34 degrees 10 minutes 38 seconds West, 37.33 feet) as described herein as Portion A, and running

THENCE along the aforementioned westerly line of future East Promenade the following two (2) courses:

1. North 34 degrees 10 minutes 38 seconds East a distance of 37.33 feet
2. North 42 degrees 35 minutes 08 seconds East a distance of 4.04 feet

THENCE, turning and running along the following three (3) courses:

3. South 55 degrees 49 minutes 22 seconds East a distance of 40.83 feet
4. South 32 degrees 48 minutes 46 seconds West a distance 45.35 feet
5. North 55 degrees 49 minutes 22 seconds West a distance of 41.82 feet to a point on the aforementioned westerly line of future East Promenade,

THENCE (6) along the aforementioned westerly line of future East Promenade North 24 degrees 26 minutes 17 seconds East a distance of 4.07 feet, said portion being further described as a space having a vertical projection; the base or ground ward limit of the said space is a horizontal plane above the portion of the land described above, and having an elevation of 29.00 feet for its entire area, said space having no upward boundary.

Elevation referenced to the Belmont Island Datum.

PORTION F

BEGINNING at a point on the westerly line of future East Promenade, said point being a point of curvature and terminus of the 2nd course (South 34 degrees 10 minutes 38 seconds West, 37.33 feet) as described herein Portion A, and running

THENCE along the aforementioned westerly line of future East Promenade the following two (2) courses:

1. North 34 degrees 10 minutes 38 seconds East a distance of 37.33 feet
2. North 47 degrees 58 minutes 03 seconds East a distance of 4.12 feet to a point

THENCE, turning and running along the following three (3) courses:

3. South 55 degrees 49 minutes 22 seconds East a distance of 41.65 feet
4. South 32 degrees 48 minutes 46 seconds West a distance of 45.35 feet
5. North 55 degrees 49 minutes 22 seconds West a distance of 42.67 feet to a point on the aforementioned westerly line of future East Promenade.

THENCE (6) along the aforementioned westerly line of future East Promenade North 19 degrees 32 minutes 35 seconds East a distance of 4.13 feet to the point of the BEGINNING.

Said portion being further described as a space having a vertical projection; the base or ground ward limit of said space is a horizontal plane above the portion of the land described above, and having an elevation of 29.00 feet for its entire area, said space having no upward boundary.

Elevation referenced to the Belmont Island Datum.

PORTION G

BEGINNING at a point on the easterly line of future Main Road, said point being a point of curvature and also the terminus of 23rd course (North 22 degrees 03 minutes 00 seconds East, 484.86 feet) as described herein as Portion A, and running

THENCE along the aforementioned easterly line of future Main Road, the following two (2) courses:

1.South 22 degrees 03 minutes 00 seconds West a distance of 484.86 feet
2.South 46 degrees 36 minutes 00 seconds West a distance of 252.17 feet to a point;

THENCE, turning and running along the following four (4) courses:

3.North 43 degrees 24 minutes 00 seconds West a distance of 10.00 feet
4.North 46 degrees 36 minutes 00 seconds East a distance of 249.99 feet
5.North 22 degrees 03 minutes 00 seconds East a distance of 482.69
6.South 67 degrees 57 minutes 00 seconds East a distance of 10.00 feet to the point or place of BEGINNING.

The coordinate used in this Schedule refer to a local coordinate established by King & Garvaris, which is based on the United States Government coordinate system established by the U.S. Army Corps of Engineers, with the following applicable coordinate transformation between the two coordinates systems:

UNITED STATES GOVERNMENT COORDINATES
South 11393.254
West 842.168

LOCAL COORDINATES
North 10000.00
East 15000.00

EXCEPTING THEREFROM all that part or parcel that was released by Release of Part of Subleased Premises dated July 31, 1980 and recorded April 27, 1981 in Reel 564 Page 85, which premises (PART 1 - School Unit "B" and PART 2 - School Unit "E") are more particularly described as follows:

PART 1: DESCRIPTION OF SCHOOL UNIT "B"

ALL THAT PLOT, piece and parcel of land lying and being on Roosevelt Island in the City, County and State of New York, more particularly described as follows:

BEGINNING at a point having a coordinate of North 13,440.89, East 17,488.32, said point of beginning being located the following three (3) courses from a monument designated as SJR-3:

1.North 65 degrees 51 minutes 41 seconds East a distance of 507.26 feet to a point; thence
2.North 46 degrees 36 minutes 00 seconds East a distance of 38.52 feet to a point; thence
3.South 10 degrees 50 minutes 32 seconds East a distance of 5.27 feet to said point of beginning; and

RUNNING THENCE, from said point of beginning, the following eighteen (18) courses:

1.North 46 degrees 40 minutes 34 seconds East a distance of 38.99 feet to a point; thence
2.South 55 degrees 49 minutes 22 seconds East a distance of 32.87 feet to a point; thence
3.North 34 degrees 10 minutes 38 seconds East a distance of 8.84 feet to a point; thence
4.North 55 degrees 49 minutes 22 seconds West a distance of 11.27 feet to a point; thence
5.North 34 degrees 10 minutes 38 seconds East a distance of 9.34 feet to a point; thence
6.South 55 degrees 49 minutes 22 seconds East a distance of 11.62 feet to a point; thence
7.North 34 degrees 10 minutes 38 seconds East a distance of 24.42 feet to a point on the southerly face of a 19 story apartment building, thence
8.South 55 degrees 49 minutes 22 seconds East a distance of 33.75 feet along the southerly face of said building to a point; thence
9.South 34 degrees 10 minutes 38 seconds West a distance of 33.10 feet to a point; thence
10.South 55 degrees 49 minutes 22 seconds East a distance of 7.00 feet to a point; thence
11.South 34 degrees 10 minutes 38 seconds West a distance of 9.48 feet to a point; thence
12.South 55 degrees 49 minutes 22 seconds East a distance of 40.96 feet to a point; thence
13.South 10 degrees 49 minutes 22 seconds East a distance of 20.29 feet to a point; thence
14.South 79 degrees 10 minutes 38 seconds West a distance of 20.22 feet to a point; thence
15.North 55 degrees 49 minutes 22 seconds West a distance of 5.60 feet to a point; thence
16.South 34 degrees 10 minutes 38 seconds West a distance of 23.51 feet to a point; thence
17.South 79 degrees 09 minutes 28 seconds West, a distance of 73.32 feet to a point; thence
18.North 10 degrees 50 minutes 32 seconds West a distance of 93.28 feet to the point and place of BEGINNING.

EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 50.00 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point; said point being the terminus of the 7th course of the property of School Unit "B" hereinabove described (North 34 degrees 10 minutes 38 seconds East a distance of 24.42 feet), and having a coordinate of North 13,484.22, East 17,568.10, and running thence the following four (4) courses:

1.South 55 degrees 49 minutes 22 seconds East a distance of 1.03 feet to a point; thence
2.South 34 degrees 10 minutes 38 seconds West a distance of 3.33 feet to a point; thence
3.North 55 degrees 49 minutes 22 seconds West a distance of 1.03 feet to a point; thence
4.North 34 degrees 10 minutes 38 seconds East a distance of 3.33 feet to the point and place of BEGINNING,

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 50.00 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being South 55 degrees 49 minutes 22 seconds east a distance of 10.63 feet from the terminus of the 7th course of the property of School Unit "B" hereinabove described (North 34 degrees 10 minutes 38 seconds East a distance of 24.42 feet), and having a coordinate of North 13,478.25, East 17,576.89 and running thence the following four (4) courses:

1.South 55 degrees 49 minutes 22 seconds East a distance of 13.00 feet to a point; thence
2.South 34 degrees 10 minutes 38 seconds West a distance 3.33 feet to a point; thence

3.North 55 degrees 49 minutes 22 seconds West a distance 13.00 feet to a point; thence
4.North 34 degrees 10 minutes 38 seconds East a distance of 3.33 feet to the point and place of BEGINNING,

AND ALSO EXCLUDING THEREFROM all of the open space above a horizontal plane with an elevation of 27.00 feet (referring to Belmont Island Datum) and below a horizontal plane with an elevation of 38.08 feet (referring to Belmont Island Datum), each of said horizontal planes being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 7th course of the property of School Unit "B" hereinabove described (North 34 degrees 10 minutes 38 seconds East a distance of 24.42), and having a coordinate of North 13,484.22, East 17,568.10, and running thence the following eight (8) courses:

1.South 55 degrees 49 minutes 22 seconds East a distance of 33.75 feet to a point; thence
2.South 34 degrees 10 minutes 38 seconds West a distance of 24.42 feet to a point; thence
3.North 55 degrees 49 minutes 22 seconds West a distance of 11.67 feet to a point; thence
4.North 34 degrees 10 minutes 38 seconds East a distance of 2.80 feet to a point; thence
5.North 55 degrees 49 minutes 22 seconds West a distance of 6.52 feet to a point; thence
6.South 34 degrees 10 minutes 38 seconds West a distance of 2.80 feet to a point; thence
7.North 55 degrees 49 minutes 38 seconds East a distance of 15.56 feet to a point; thence
8.North 34 degrees 10 minutes 38 seconds East a distance of 24.42 feet to the point and place of BEGINNING,

AND ALSO EXCLUDING THEREFROM all of the space below a horizontal plane with an elevation of 38.08 feet (referring to Belmont Island Datum), having a vertical projection downward, with no downward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being South 55 degrees 49 minutes 22 seconds East a distance of 18.16 feet from the terminus of the 11th course of the property of School Unit "B" hereinabove described (South 34 degrees 10 minutes 38 seconds West a distance of 9.48 feet), and having a coordinate of North 13,415.90, East 17,592.91, and running thence the following seven (7) courses:

1.South 55 degrees 49 minutes 22 seconds East a distance of 22.80 feet to a point; thence
2.South 10 degrees 49 minutes 22 seconds East a distance of 20.29 feet to a point; thence
3.South 79 degrees 10 minutes 38 seconds West a distance of 20.22 feet to a point; thence
4.North 55 degrees 49 minutes 22 seconds West a distance of 5.60 feet to a point; thence
5. South 34 degrees 10 minutes 38 seconds West a distance of 5.25 feet to a point; thence
6. North 55 degrees 49 minutes 22 seconds West a distance of 17.25 feet to point; thence
7. North 34 degrees 10 minutes 38 seconds East a distance of 33.56 feet to the point and place of BEGINNING.

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 39.08 feet (referring to Belmont Island Datum), and below a horizontal plane with an elevation of 50.00 feet (referring to Belmont Island Datum), each of said horizontal planes being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 8th course of the property of School Unit "B" hereinabove described (South 55 degrees 49 minutes 22 seconds East a distance of 33.75 feet), and having a coordinate of North 13,465.26 East 17,596.02, and running thence the following four (4) courses:

1.South 34 degrees 10 minutes 38 seconds West a distance of 9.72 feet to a point; thence
2.North 55 degrees 49 minutes 22 seconds West a distance of 9.57 feet to a point; thence
3.North 34 degrees 10 minutes 38 seconds East a distance of 9.72 feet to a point; thence
4.South 55 degrees 49 minutes 22 seconds East a distance of 9.57 feet to the point and place of BEGINNING.

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 27.00 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 9th course of the property of School Unit "B" hereinabove described (South 34 degrees 10 minutes 38 seconds West a distance of 33.10 feet), and having a coordinate of North 13,437.88 East 17,577.42, and running thence the following four (4) courses:

1.South 55 degrees 49 minutes 22 seconds East a distance of 7.00 feet to a point; thence
2. South 34 degrees 10 minutes 38 seconds West a distance of 6.48 feet to point; thence
3. North 55 degrees 49 minutes 22 seconds West a distance of 7.00 feet to point; thence
4. North 34 degrees 10 minutes 38 seconds East a distance of 6.48 feet to the point and place of BEGINNING.

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 38.08 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 11th course of the property of School Unit "B" hereinabove described (South 34 degrees 10 minutes 38 seconds West a distance of 9.48 feet), and having a coordinate of North 13,426.10 East 17,577.89, and running thence the following four (4) courses:

1.North 55 degrees 49 minutes 22 seconds West a distance of 7.00 feet to a point; thence
2. North 34 degrees 10 minutes 38 seconds East a distance of 3.00 feet to point; thence
3. South 55 degrees 49 minutes 22 seconds East a distance of 7.00 feet to point; thence
4.South 34 degrees 10 minutes 38 seconds West a distance of 3.00 feet to the point and place of BEGINNING:

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footings (herein referred to as "Excluded Improvements") now or hereafter passing through or located within the boundaries of the property of School Unit "B" hereinabove described and required for the support of the structures now or hereafter comprising that portion of the Housing known as Eastwood;
TOGETHER with the following Easements:
(1) a non-exclusive Easement upon, over, across and through that portion of the Housing known as Eastwood for access in and to the property of School Unit "B" hereinabove described, for the purpose of using, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property; and
(2) a non-exclusive Easement upon, over, across and through that portion of the Housing known as Eastwood for (a) access in and to the stations for the central pneumatic waste collection system located within that portion of the Housing known as Eastwood, and (b) use of such stations for disposal of refuse, but only in accordance with all Legal Requirements and Insurance Requirements; and
(3) a non-exclusive Easement upon, over, across (including, without limitation, the Housing Utility Lines) and through that portion of the Housing known as Eastwood/to the extent reasonable necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the School Utility Lines;

BUT SUBJECT TO the following Permitted Exceptions:

(1) an easement upon, over, across and through the property of the School Unit "B" hereinabove described, to inspect, construct, reconstruct, maintain, alter, repair, replace, renew and retain the columns and footings herein referred to as Excluded Improvements, and to relocate such columns and footings or construct additional columns and footings, if required to maintain the structural integrity of that portion of the housing known as Eastwood; and
(2) an easement upon, over, across and through the property of School Unit "B" hereinabove described, to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the Housing Utility Lines, and to relocate or expand the Housing Utility Lines if required to service the Housing; and
(3) an easement of ingress and egress upon, over, across and through the property of School Unit "B" hereinabove described, as may be reasonably necessary in order to exercise the rights described above as Permitted Exceptions, or to exercise any other rights granted under the Sublease or the Ground Lease to UDC, any owner or sublessee of the Housing or any portion thereof, any Mortgagee, or any of their respective successors or assigns.

The coordinates used herein refer to a local coordinate system, which is based on the United States Army Corps of Engineers Coordinate System with the following applicable coordinate transformation between the two coordinate systems.

USACE COORDINATES
South 11,393.254
West 842.168

LOCAL COORDINATE SYSTEM
North 10,000.00
East 15,000.00

The elevations mentioned in this description refer to M.L.W. Elevations at Belmont Island E1. 0.00 which is 2.265 feet below M.S.L at Sandy Hook.

PART 2: DESCRIPTION OF SCHOOL UNIT "E"

ALL THAT PLOT, piece of land lying and being on Roosevelt Island in the City, County and State of New York, more particularly described as follows:

BEGINNING at a point having a coordinate of North 14,065.74 East 17,908.82, said point of beginning being located the following eight (8) courses from a monument designated as SJR-3:

1. North 65 degrees 51 minutes 41 seconds East a distance of 507.26 feet to a point; thence
2. North 46 degrees 36 minutes 00 seconds East a distance of 117.76 feet to a point; thence
3. North 43 degrees 24 minutes 00 seconds West a distance of 2.00 feet to a point; thence
4. North 46 degrees 36 minutes 00 seconds East a distance of 38.23 feet to a point; thence
5. South 43 degrees 24 minutes 00 seconds East a distance of 2.00 feet to a point; thence
6. North 46 degrees 36 minutes 00 seconds East a distance of 257.88 feet to a point; thence
7. North 22 degrees 03 minutes 00 seconds East a distance of 391.17 feet to a point; thence
8. South 67 degrees 57 minutes 00 seconds East a distance of 2.03 feet to said point of BEGINNING; and

RUNNING THENCE, from said point of beginning, the following thirty-three (33) courses:

1. South 67 degrees 57 minutes 00 seconds East a distance of 6.00 feet to a point; thence
2. North 22 degrees 03 minutes 00 seconds East a distance of 20.46 feet to a point; thence
3. South 67 degrees 57 minutes 00 seconds East a distance of 19.67 feet to a point; thence
4. North 22 degrees 03 minutes 00 seconds East a distance of 0.42 feet to a point; thence
5. South 55 degrees 49 minutes 22 seconds East a distance of 31.92 feet to a point; thence
6. North 34 degrees 10 minutes 38 seconds East a distance of 21.97 feet to a point; thence
7. South 55 degrees 49 minutes 22 seconds East a distance of 9.35 feet to a point; thence
8. South 34 degrees 10 minutes 38 seconds West a distance of 21.21 feet to a point; thence
9. South 55 degrees 49 minutes 22 seconds East a distance of 18.21 feet to a point; thence
10. North 34 degrees 10 minutes 38 seconds East a distance of 27.17 feet to a point; thence
11. North 79 degrees 10 minutes 38 seconds East a distance of 20.22 feet to a point; thence
12. South 10 degrees 49 minutes 22 seconds East a distance of 20.22 feet to a point; thence
13. South 34 degrees 10 minutes 38 seconds West a distance of 14.71 feet to a point; thence
14. South 55 degrees 49 minutes 22 seconds East a distance of 11.33 feet to a point; thence
15. North 34 degrees 10 minutes 38 seconds East a distance of 9.45 feet to a point; thence
16. South 55 degrees 49 minutes 22 seconds East a distance of 0.68 feet to a point; thence
17. North 34 degrees 10 minutes 38 seconds East a distance of 7.07 feet to a point; thence
18. South 55 degrees 49 minutes 22 seconds East a distance of 3.96 feet to a point; thence
19. South 34 degrees 10 minutes 38 seconds West a distance of 7.07 feet to a point; thence
20. South 55 degrees 49 minutes 22 seconds East a distance of 13.33 feet to a point; thence
21. South 10 degrees 49 minutes 22 seconds East a distance of 33.37 feet to a point; thence
22. South 79 degrees 10 minutes 38 seconds West a distance of 20.12 feet to a point; thence
23. South 34 degrees 10 minutes 38 seconds West a distance of 38.66 feet to a point; thence
24. North 55 degrees 49 minutes 22 seconds West a distance of 29.25 feet to a point; thence
25. South 79 degrees 10 minutes 38 seconds West a distance of 26.80 feet to a point; thence
26. North 10 degrees 49 minutes 22 seconds West a distance of 26.97 feet to a point; thence
27. North 34 degrees 10 minutes 38 seconds East a distance of 10.34 feet to a point; thence
28. North 55 degrees 49 minutes 22 seconds West a distance of 50.16 feet to a point; thence
29. North 22 degrees 03 minutes 00 seconds East a distance of 0.46 feet to a point; thence
30. North 67 degrees 57 minutes 00 seconds West a distance of 20.92 feet to a point; thence
31. North 22 degrees 03 minutes 00 seconds East a distance of 4.75 feet to a point; thence
32. North 67 degrees 57 minutes 00 seconds West a distance of 4.75 feet to a point; thence
33. North 22 degrees 03 minutes 00 seconds East a distance of 18.26 feet to the point and place of

BEGINNING.

EXCLUDING THEREFREOM all of the space above the horizontal plane with an elevation of 31.46 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the point of beginning of the property of School Unit "E" Hereinabove described, and having a coordinate of North 14,065.74, East 17,908.82, and running thence the following 8 courses:

1.South 67 degrees 57 minutes 00 seconds East a distance of 6.00 feet to a point; thence
2.North 22 degrees 03 minutes 00 seconds East a distance of 20.46 feet to a point; thence
3.South 67degrees 57 minutes 00 seconds East a distance of 19.67 feet to a point; thence
4.South 22 degrees 03 minutes 00 seconds West a distance of 43.47 feet to a point; thence
5.North 67 degrees 57 minutes 00 seconds West a distance of 20.92 feet to a point; thence
6.North 22 degrees 03 minutes 00 seconds East a distance of 4.75 feet to a point; thence
7.North 67 degrees 57 minutes 00 seconds West a distance of 4.75 feet to a point; thence
8.North 22 degrees 03 minutes 00 seconds East a distance of 18.26 feet to a point and place of BEGINNING;

And also excluding therefrom all of the space below a horizontal plane with an elevation of 24.00 feet (referring to Belmont Island Datum), having a vertical projection downward, with no downward limit, said horizontal plane being more particularly as follows:

BEGINNING at a point, said point being the point of beginning of the property of School Unit "E" hereinabove described, and having a coordinate of North 14,065.74, East 17,908.82, and running thence the following 8 courses:

1.South 67 degrees 57 minutes 00 seconds East a distance of 6.00 feet to a point; thence
2.North 22 degrees 03 minutes 00 seconds East a distance of 20.46 feet to a point; thence
3.South 67 degrees 57 minutes 00 seconds East of 19.67 feet to a point; thence
4.South 22 degrees 03 minutes 00 seconds West of 43.47 feet to a point; thence
5.North 67 degrees 57 minutes 00 seconds West of 20.92 feet to a point; thence
6.North 22 degrees 03 minutes 00 seconds East of 4.75 feet to a point; thence
7.North 67 degrees 57 minutes 00 seconds West of 4.75 feet to a point; thence
8.North 22 degrees 03 minutes 00 seconds East of 18.26 feet to the point and place of BEGININNG.

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footing (herein referred to as "Excluded Improvements") now or hereafter passing through or located within boundaries of the property of School Unit "E" hereinabove described and required for the support of structures now or hereafter comprising that portion of the Housing known as Eastwood;

TOGETHER WITH the following Easements:

(1) a non-exclusive Easement upon, over, across and through that portion of the Housing known as Eastwood for access in and to the property of School Unit "E" hereinabove described, for the purposes of using, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property; and
(2) a non-exclusive Easement upon, over, across and through that portion of the Housing known as Eastwood for (a) access in and to the stations for the central pneumatic waste collection system located within that portion of the Housing known as Eastwood, and (b) use of such stations for disposal of refuse, but only in accordance with all Legal Requirements and Insurance Requirements; and
(3) a non-exclusive Easement upon, over, across (including, without limitation, the Housing Utility Lines) and through that portion of the Housing known as Eastwood/ to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter repair, replace, renew and retain the School Utility Lines;

BUT SUBJECT TO the following Permitted Exceptions:

(1) an easement upon, over, across and through the property of School Unit "E" hereinabove described, to inspect, construct, reconstruct, maintain, alter, repair, replace, renew and retain the columns and footings herein referred to as Excluded Improvements, and to relocate such columns and footings or construct

additional columns and footings, if required to maintain the structural integrity of that portion of the Housing known as Eastwood; and
(2) an easement upon, over, across and through the property of School Unit "E" hereinabove described, to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the Housing Utility Lines, and to relocate or expand the Housing Utility Lines if required to service the Housing; and
(3) an easement of ingress and egress upon, over, across and through the property of School Unit "E" hereinabove described, as may be reasonably necessary in order to exercise the rights described above as Permitted Exceptions, or to exercise any other rights granted under the Sublease or the Ground Lease to UDC, any owner or sublessee of the Housing or any portion thereof, any Mortgagee, or any of their respective successors or assigns.

The coordinates used herein after refer to local coordinates system, which is based on the United States Army Corps of Engineers Coordinate Systems with the following applicable coordinate transformation between the two coordinate systems.

USACE COORDINATES
South 11,393.254
West 842.168

LOCAL COORDINATE SYSTEM
North 10,000.00
East 15,000.00

The elevations mentioned in this description refer to M.L.W. Elevations at Belmont Island El. 0.00 which is 2.265 feet below M.S.L. at Sandy Hook.

ALSO EXCEPTING THEREFROM all that part or parcel that was released by Memorandum of Lease Amendment made by and between Roosevelt Island Operating Corporation and North Town Phase I Houses, Inc. about to be recorded, which premises (PART 2A - School Unit "E" Building Addition) are more particularly described as follows:

SCHOOL UNIT "E" - Building Addition Parcel 1:

ALL THAT PLOT, piece or parcel of land lying and being on Roosevelt Island in the City, County, and State of New York, more particularly described as follows:

From a monument designated as SJR-3 having a coordinate of N 14,065.74, East 17,908.82, said monument being distant the following (29) courses and distances to the point of BEGINNING:

1. North 65 degrees 51 minutes 41 seconds East a distance of 507.26 feet to a point; thence
2. North 46 degrees 36 minutes 00 seconds East a distance of 117.76 feet to a point; thence
3. North 43 degrees 24 minutes 00 seconds West a distance of 2.00 feet to a point; thence
4. North 46 degrees 36 minutes 00 seconds East a distance of 38.23 feet to a point; thence
5. South 43 degrees 24 minutes 00 seconds East a distance of 2.00 feet to a point; thence
6. North 46 degrees 36 minutes 00 seconds East a distance of 257.88 feet to a point; thence
7. North 22 degrees 03 minutes 00 seconds East a distance of 391.17 feet to a point; thence
8. South 67 degrees 57 minutes 00 seconds East a distance of 2.08 feet to a point; thence
9. South 67 degrees 57 minutes 00 seconds East a distance of 6.00 feet to a point; thence
10. North 22 degrees 03 minutes 00 seconds East a distance of 20.46 feet to a point; thence
11. South 67 degrees 57 minutes 00 seconds East a distance of 19.67 feet to a point; thence
12. North 22 degrees 03 minutes 00 seconds East a distance of 0.42 feet to a point; thence
13. South 55 degrees 49 minutes 22 seconds East a distance of 31.92 feet to a point; thence
14. North 34 degrees 10 minutes 38 seconds East a distance of 21.97 feet to a point; thence
15. South 55 degrees 49 minutes 22 seconds East a distance of 9.35 feet to a point; thence
16. South 34 degrees 10 minutes 38 seconds West a distance of 21.21 feet to a point; thence
17. South 55 degrees 49 minutes 22 seconds East a distance of 18.21 feet to a point; thence
18. North 34 degrees 10 minutes 38 seconds East a distance of 27.17 feet to a point; thence
19. North 79 degrees 10 minutes 38 seconds East a distance of 20.22 feet to a point; thence
20. South 10 degrees 49 minutes 22 seconds East a distance of 20.22 feet to a point; thence

21. South 34 degrees 10 minutes 38 seconds West a distance of 14.71 feet to a point; thence
22. South 55 degrees 49 minutes 22 seconds East a distance of 11.33 feet to a point; thence
23. North 34 degrees 10 minutes 38 seconds East a distance of 9.45 feet to a point; thence
24. South 55 degrees 49 minutes 22 seconds East a distance of 0.68 feet to a point; thence
25. North 34 degrees 10 minutes 38 seconds East a distance of 7.07 feet to a point; thence
26. South 55 degrees 49 minutes 22 seconds East a distance of 3.96 feet to a point; thence
27. South 34 degrees 10 minutes 38 seconds West a distance of 7.07 feet to a point; thence
28. South 55 degrees 49 minutes 22 seconds East a distance of 13.33 feet to a point; thence
29. South 10 degrees 49 minutes 22 seconds East a distance of 33.37 feet to a point; thence

RUNNING thence, from said point of BEGINNING, the following (7) courses and distances:

1. South 10 degrees 49 minutes 22 seconds East a distance of 16.76 feet to a point; thence
2. South 34 degrees 10 minutes 38 seconds West a distance of 54.23 feet to a point; thence
3. North 55 degrees 49 minutes 22 seconds West a distance of 68.52 feet to a point; thence
4. South 79 degrees 10 minutes 38 seconds East a distance of 18.66 feet to a point; thence
5. South 55 degrees 49 minutes 22 seconds East a distance of 29.25 feet to a point; thence
6. North 34 degrees 10 minutes 38 seconds East a distance of 38.66 feet to a point; thence
7. North 79 degrees 10 minutes 38 seconds West a distance of 20.12 feet to the point and place of BEGINNING.

SCHOOL UNIT E - Building Addition Parcel 2:

ALL THAT PLOT, piece or parcel of land lying and being on Roosevelt Island in the City, County, and State of New York, more particularly described as follows:

From a moment designated as SJR-3 having a coordinate of N 14,065.74, E 17,908.82, said momentum being distant the following (33) courses and distances to the point of BEGINNING:

1. North 65 degrees 51 minutes 41 seconds East a distance of 507.26 feet to a point; thence
2. North 46 degrees 36 minutes 00 seconds East a distance of 117.76 feet to a point; thence
3. North 43 degrees 24 minutes 00 seconds West a distance of 2.00 feet to a point; thence
4. North 46 degrees 36 minutes 00 seconds East a distance of 38.23 feet to a point; thence
5. South 43 degrees 24 minutes 00 seconds East a distance of 2.00 feet to a point; thence
6. North 46 degrees 36 minutes 00 seconds East a distance of 257.88 feet to a point; thence
7. North 22 degrees 03 minutes 00 seconds East a distance of 391.17 feet to a point; thence
8. South 67 degrees 57 minutes 00 seconds East a distance of 2.08 feet to a point; thence
9. South 67 degrees 57 minutes 00 seconds East a distance of 6.00 feet to a point; thence
10. North 22 degrees 03 minutes 00 seconds East a distance of 20.46 feet to a point; thence
11. South 67 degrees 57 minutes 00 seconds East a distance of 19.67 feet to a point; thence
12. North 22 degrees 03 minutes 00 seconds East a distance of 0.42 feet to a point; thence
13. South 55 degrees 49 minutes 22 seconds East a distance of 31.92 feet to a point; thence
14. North 34 degrees 10 minutes 38 seconds East a distance of 21.97 feet to a point; thence
15. South 55 degrees 49 minutes 22 seconds East a distance of 9.35 feet to a point; thence
16. South 34 degrees 10 minutes 38 seconds West a distance of 21.21 feet to a point; thence
17. South 55 degrees 49 minutes 22 seconds East a distance of 18.21 feet to a point; thence
18. North 34 degrees 10 minutes 38 seconds East a distance of 27.17 feet to a point; thence
19. North 79 degrees 10 minutes 38 seconds East a distance of 20.22 feet to a point; thence
20. South 10 degrees 49 minutes 22 seconds East a distance of 20.22 feet to a point; thence
21. South 34 degrees 10 minutes 38 seconds West a distance of 14.71 feet to a point; thence
22. South 55 degrees 49 minutes 22 seconds East a distance of 11.33 feet to a point; thence
23. North 34 degrees 10 minutes 38 seconds East a distance of 9.45 feet to a point; thence
24. South 55 degrees 49 minutes 22 seconds East a distance of 0.68 feet to a point; thence
25. North 34 degrees 10 minutes 38 seconds East a distance of 7.07 feet to a point; thence
26. South 55 degrees 49 minutes 22 seconds East a distance of 3.96 feet to a point; thence
27. South 34 degrees 10 minutes 38 seconds West a distance of 7.07 feet to a point; thence
28. South 55 degrees 49 minutes 22 seconds East a distance of 13.33 feet to a point; thence
29. South 10 degrees 49 minutes 22 seconds East a distance of 50.13 feet to a point; thence
30. South 34 degrees 10 minutes 38 seconds West a distance of 54.23 feet to a point; thence
31. North 55 degrees 49 minutes 22 seconds West a distance of 68.52 feet to a point; thence

32. South 79 degrees 10 minutes 38 seconds West a distance of 8.14 feet to a point; thence
33. North 10 degrees 49 minutes 22 seconds West a distance of 6.55 feet to said point of beginning; and

RUNNING thence, from said point of BEGINNING, the following (3) courses and distances:

1. North 55 degrees 49 minutes 22 seconds West a distance of 14.44 feet to a point; thence
2. North 34 degrees 10 minutes 38 seconds East a distance of 14.44 feet to a point; thence
3. South 10 degrees 49 minutes 22 seconds East a distance of 20.42 feet to the point and place of BEGINNING.

EXHIBIT B

TITLE MATTERS

1. Rights of tenants or persons in possession, if any.

2. A) Terms, covenants, conditions and provisions as set forth in Deed in Liber 239 Page 287.
B) Terms, covenants, conditions and provisions as set forth in Lease (99 Year) in Reel 160 Page 1757.
C) Regulatory Agreement for the North Town Phase I Residential Project in Reel 2241 Page 847 and Assignment found in CRFN#2005000570188.
D) Railroad Consent in Liber 183 Cp 74.
E) Declaration in Reel 305 Page 66.
F) Telephone Easement in Reel 345 Page 1393.
G) Preservation Covenants in Reel and Reel 2288 Page 1973 and Reel 3294 Page 470.
H) Landmark Designations in Reel 370 Page 809, Reel 370 Page 811, Reel 370 Page 813, Reel 370 Page 815, Reel 370 Page 817 and Reel 370 Page 819.
I) Easement in Reel 288 Page 1244.
J) Easement in Reel 4823 Page 5.

3. The right of the United States Government to establish harbor, bulkhead or pierhead lines or to change or alter any such existing lines and to remove or compel the removal of fill and improvements thereon (including buildings or other structures) from land now or formerly beyond the high water mark of East River.

4. The rights of the United States Government, the State of New York and The City of New York or any of their departments or agencies to regulate and control the use of the piers, bulkhead, land under water and land adjacent thereto.

Survey made by Gerald T. O'Buckley, PLS, dated June 24, 2005 shows nine "up to 19 story" masonry buildings, 1 story masonry building, 8 story masonry building and amphitheater and also shows:
1) Chain link fence on concrete curb on or near a portion of northeasterly record line of title.
2) "Drive under" within Portions C, D, E and F.
3) Chain link fence along a portion of southeasterly record line of title.
4) Variations between chain link fences and portions of southeasterly record line of title.
5) "Driveway under" along portions of southeasterly side of Portion A.
6) "Driveway under" along portions of northwesterly record line of title of Portion A.
7) Party wall along School Unit B and portions of Portion A.
8) Party wall along School Unit E and portions of Portion A.
9) Two story building located in School Unit E encroaches onto portions of Portion A.

6. Mortgage made by North Town Roosevelt, LLC to New York Community Bank, dated September 20, 2005, and recorded in the New York County Register's Office on 1/24/2006 in CRFN#2006000043855 in the amount of $37,321,193.05. Which Mortgage is consolidated with Mortgage(s) below to form a single lien of $83,000,000.00 by Agreement dated 09/20/2005 recorded in the New York County Register's Office 6/13/2006 in CRFN #2006000331691.

Mortgage (A) made by North Town Phase I Houses, Inc. to New York State Urban Development Corporation in the amount of $40,093,000.00 dated 04/11/1972, recorded 08/17/1973 in Reel/Liber 288, Page 1151.

Assignment of Mortgage (A01) made by New York State Urban Development Corporation to New York State Project Finance Agency dated 05/12/1975, recorded 05/21/1975 in Reel/Liber 341, Page 1958.

Assignment of Mortgage (A02) made by New York State Project Finance Agency to Manufacturers Hanover Trust Company dated 05/12/1975, recorded 05/21/1975 in Reel/Liber 341, Page 1961.

Assignment of Mortgage (A03) made by Manufacturers Hanover Trust Company to New York State Project Finance Agency dated 03/09/1977, recorded 03/10/1977 in Reel/Liber 394, Page 124.

Assignment of Mortgage (A04) made by New York State Project Finance Agency to New York State Urban Development Corporation dated 03/09/1977, recorded 03/10/1977 in Reel/Liber 394, Page 126.

Assignment of Mortgage (A05) made by New York State Urban Development Corporation to New York State Project Finance Agency dated 03/09/1977, recorded 03/10/1977 in Reel/Liber 394, Page 129.

Assignment of Mortgage (A06) made by New York State Project Finance Agency to Savings Bank Trust Co. dated 03/09/1977, recorded 03/10/1977 in Reel/Liber 394, Page 132.

Assignment of Mortgage (A07) made by Savings Bank Trust Co. to New York State Project Finance Agency dated 12/15/1977, recorded 12/20/1977 in Reel/Liber 421, Page 1864.

Assignment of Mortgage (A08) made by New York State Finance Agency to New York State Urban Development Corporation dated 12/15/1977, recorded 12/20/1977 in Reel/Liber 421, Page 1866.

Assignment of Mortgage (A09) made by New York State Urban Development Corporation to New York State Project Finance Agency dated 12/15/1977, recorded 12/20/1977 in Reel/Liber 421, Page 1868.

Assignment of Mortgage (A10) made by New York State Project Finance Agency to The Chase Manhattan Bank dated 12/15/1977, recorded 12/20/1977 in Reel/Liber 421, Page 1870.

Release of Part of Mortgaged Premises (A11) made by New York State Urban Development Corporation to North Town Phase I Houses, Inc. dated 02/20/1981, recorded 04/27/1981 in Reel/Liber 564, Page 105.

Release of Part of Mortgaged Premises (A12) made by New York State Project Finance Agency to North Town Phase I Houses, Inc. dated 02/11/1981, recorded 04/27/1981 in Reel/Liber 564, Page 126.

Release of Part of Mortgaged Premises (A13) made by The Chase Manhattan Bank, NA to North Town Phase I Houses, Inc. dated 02/13/1981, recorded 04/27/1981 in Reel/Liber 564, Page 146.

Mortgage (B) made by North Town Phase I Houses, Inc. to New York State Urban Development Corporation in the amount of $705,422.00 dated 04/05/1982, recorded 04/07/1982 in Reel/Liber 617, Page 912.

Mortgage (C) made by North Town Phase I Houses, Inc. to New York State Urban Development Corporation in the amount of $2,616,395.00 dated 04/05/1982, recorded 04/07/1982 in Reel/Liber 617, Page 981.

Consolidation Agreement (C1) made by North Town Phase I Houses, Inc. to New York State Urban Development Corporation dated 04/05/1982, recorded 04/07/1982 in Reel/Liber 617, Page 1098.

Consolidates Mortgage A, B and C to form a single lien of $43,414,817.00.

Assignment of Additional Mortgages (C2) made by New York State Urban Development Corporation to New York State Project Finance Agency dated 04/05/1982, recorded 04/07/1982 in Reel/Liber 617, Page 1052.

Assigns Mortgages B and C.

Assignment of Mortgage (C3) made by New York State Project Finance Agency to The Chase Manhattan Bank dated 04/05/1982, recorded 04/07/1982 in Reel/Liber 617, Page 1075.

Assigns Mortgages B and C.

Assignment of Mortgage (C4) made by The Chase Manhattan Bank to New York State Project Finance Agency dated 09/30/1993, recorded 10/25/1993 in Reel/Liber 2020, Page 909.

Assigns Mortgages A, B and C, as consolidated.

Assignment of Mortgage (C5) made by New York State Project Finance Agency to New York State Urban Development Agency dated 09/30/1993, recorded 10/25/1993 in Reel/Liber 2020, Page 896.

Assigns Mortgages A, B and C, as consolidated.

Assignment of Mortgage (C6) made by New York State Urban Development Corporation to New York State Project Finance Agency and New York State Housing Finance Agency dated 09/30/1993, recorded 10/25/1993 in Reel/Liber 2020, Page 902.

Assigns Mortgages A, B and C, as consolidated.

Assignment of Mortgage (C7) made by New York State Project Finance Agency and New York State Housing Finance Agency to Bankers Trust Company dated 09/30/1993, recorded 10/25/1993 in Reel/Liber 2020, Page 915.

Assigns Mortgages A, B and C, as consolidated.

Assignment of Mortgage (C8) made by New York State Project Finance Agency to New York State Housing Finance Agency dated 02/27/2005, recorded in the New York County Registers Office 6/13/2006 in CRFN #2006000331686.

Assigns Mortgages A, B and C, as consolidated.

Assignment of Mortgage (C9) made by Deutsche Bank Trust Company Americas, Trustee (successor-in-interest to Bankers Trust Company) to New York State Housing Finance Agency recorded in the New York County Registers Office 6/13/2006 in CRFN #2006000331687.

Assigns Mortgages A, B and C, as consolidated.

Which consolidated mortgage (Mortgages A to C) was assigned by assignment to New York Community Bank in the reduced amount of $42,457,546.60 recorded in the New York County Register's Office 6/13/2006 in CRFN #2006000331689.

Building Loan Mortgage (D) made by North Town Phase I Houses, Inc. to New York State Housing Finance Agency in the amount of $3,688,309.00 dated 06/23/1995, recorded 09/07/1995 in Reel/Liber 2241, Page 877.

Which mortgage (Mortgage D) was assigned by assignment to New York Community Bank in the reduced amount of $3,221,260.35 recorded in the New York County Registers Office 6/13/2006 in CRFN #2006000331690.

EXHIBIT C

CONSTRUCTION RULES AND REGULATIONS

1. Maintain a reasonably clean, securely enclosed Construction Site with fencing and lighting;

2. Store all equipment and park all vehicles within the Construction Site;

3. Refill and restore as soon as feasible any streets or other existing facilities which shall remain but which Tenant has excavated or otherwise disturbed;

4. Keep the streets, entranceways, and bridge reasonably free from dirt and debris resulting from the construction, and take all action to limit airborne dirt and dust in accordance with standard New York City construction standards and Applicable Laws, rules, regulations and orders;

5. Prohibit construction equipment, trailers, trucks, automobiles, construction vehicles, delivery trucks, employee automobiles and other equipment and vehicles from standing or parking on the streets;

6. Require construction workers and employees to park within the Construction Site provided that Tenant shall not permit the number of vehicles parked within the Construction Site at any one time to exceed that number of vehicles which may from time to time be reasonably approved by Landlord;

7. Include or cause to be included a provision in the general contract and all subcontracts requiring all construction workers and employees to park within the Construction Site, and specifying that the number of vehicles parked within the Construction Site at any one time shall not exceed that number of vehicles which may be approved by Landlord as provided in Section 11.01(f), including therein a warning that vehicles in violation of such provision will be towed;

8. Provide competent watchmen for the Construction Site in accordance with New York City requirements during all hours when construction operations are not in progress;

9. Conduct or permit blasting only between the hours of 8 a.m. and 5 p.m., Mondays through Fridays, except holidays, or during times for which a special permit may be obtained from New York City and in strict compliance with applicable codes and regulations with respect to the size of charges and coordinate with blasting being undertaken at other areas of Roosevelt Island;

10. Comply with all applicable noise control laws and regulations, and take additional actions to minimize and control noise in accordance with New York City construction standards;

11. Promptly restore and repair any damage caused by Tenant or resulting from the construction by Tenant (to the extent Landlord may be required to restore such damage under the provisions of the Master Lease); and

12. Comply with the New York City Building Code and Rules and Regulations not in conflict or inconsistent therewith with respect to the Construction Site, load limitations on any bridge and other construction matters, including, without limitation, the location of cranes and construction elevators.

SCHEDULE 1

TENANT'S WORK

Work	Estimated Cost	Schedule
New windows	$4,800,000	Start Sep/Oct 2007 End Apr 2008
New building lobbies	$500,000	Start Feb 2009 End Oct 2009
Elevator modernization	$1,100,000	Start Oct 2006 End Jun 2007
New/renovated Kitchens in approximately 40% of units	$1,400,000	Start Jul 2008 End Jun 2009
New/renovated Bathrooms in approximately 40% of units	$600,000	Start Jul 2008 End Jun 2009

SCHEDULE 2

ADDITIONAL RENT CALCULATION

Unit Classification	Base Monthly Room Rate
Voucher Units	Shall be increased at a percentage rate that is equivalent to the percentage increase in monthly rent payable for the Unit.
Landlord Assistance Plan ("LAP") Units	Shall be increased at a percentage rate that is equivalent to the percentage increase in monthly rent payable for the Unit.
Non-Voucher/LAP Units	Initially determined by increasing the initial Base Monthly Room Rate by the percentage difference between Voucher Unit or LAP rental rate, depending upon which class of unit the applicable unit fell into prior to its change to a Non-Voucher/LAP Unit, and the rental rate achieved for this Unit at market. Thereafter the then current Base Monthly Room Rate shall be escalated annually by the percent increase in rent for the Unit.