SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 19, 1997

SL GREEN REALTY CORP.
(Exact name of Registrant as specified in its Charter)

Maryland
(State of Incorporation)

1-13199	13-3956775
(Commission File Number)	(IRS Employer Id. Number)
70 West 36th Street New York, New York (Address of principal executive offices)	10018 (Zip Code)

(212) 594-2700
(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

As discussed in the prospectus dated August 14, 1997 of SL Green Realty Corp. (the "Company") contained in the Company's registration statement on Form S-11 (333-29329) relating to the Company's initial public offering of common stock (the "IPO"), on June 27, 1997, Green 17 Battery LLC ("17 Battery LLC"), a limited liability company owned by Stephen L. Green, Chairman, President and Chief Executive Officer of the Company, contracted to acquire from an unaffiliated seller an interest in 17 Battery Place, New York, New York (the "Property") for an aggregate purchase price of $59.0 million pursuant to an agreement of sale (the "Initial Agreement"). On July 25, 1997, SL Green Operating Partnership, L.P. (the "Operating Partnership"), of which the Company is the sole general partner, was granted an option by 17 Battery LLC, exercisable over a 10 year period, to acquire from 17 Battery LLC its interest in 17 Battery Place at a price equal to the aggregate of (i) sums paid by 17 Battery LLC for such interest, (ii) all financing and other costs and expenses incurred in connection with the acquisition of ownership by 17 Battery LLC of such interest and (iii) interest on all such sums from the date of incurrence.

On September 3, 1997, the Board of Directors of the Company, including all of the Independent Directors (i.e., the Directors of the Company who are neither officers of the Company nor affiliated with the Company), acting in its capacity as sole general partner of the Operating Partnership, authorized the Operating Partnership to exercise the option on the terms described above and the Initial Agreement was assigned to the Operating Partnership.

The Property contains 1.2 million rentable square feet and is comprised of two Class B office buildings, 17 Battery Place North, a 22-story building encompassing approximately 410,000 rentable square feet (the "North Building"), and 17 Battery Place South, a 31-story building encompassing approximately 800,000 rentable square feet (the "South Building") located at the intersection of Battery Place and West Street in the financial district of downtown Manhattan.

On November 5, 1997, the Board of Directors of the Company, including all of the Independent Directors, acting in its capacity as sole general partner of the Operating Partnership, authorized the modification of the Initial Agreement to provide for the acquisition of the entire Property by the Operating Partnership and a cotenant for a total purchase price of $75.0 million, $59.0 million of which would be paid by the Operating Partnership.

In addition, the Board of Directors approved the loan by the Operating Partnership of up to $18.0 million to the cotenant (secured by a first mortgage on the cotenant's interest in the Property) on specified terms for a period expiring on the earlier of the formation of a condominium or September 30, 1998. The amended and restated agreement of sale dated December 19, 1997 (the "Amended Agreement") preserved for the Operating Partnership the economic terms of the Initial Agreement while faciliting the timely acquisition of an interest in the Property.

The Initial Agreement provided for, during the contract period, the conversion of the South Building into two condominium units. One unit was to be comprised of portions of the basement and the ground floor and floors 2 through 13 and would continue to function as office space (the "Office Unit"). The second unit was to be comprised of portions of the ground lease and basement and floors 14 through 31 and would be redeveloped by the seller into a residential/hotel facility (the "Hotel Unit"). The Amended Agreement provides for, as approved by the Board of Directors, the creation of a three unit condominium consisting of the Hotel Unit, the Office Unit and the North Building (the "North Building Unit"). The cotenancy agreement entered into in connection with the Amended Agreement provides that, pending creation of the condominium, the income from the floors constituting the Office Unit and the North Building will be the property of the Operating Partnership and the income from the floors constituting the Hotel Unit will be the property of the cotenant, thus preserving the economic aspects of the Initial Agreement. Pursuant to the Amended Agreement, upon creation of the condominium and dissolution of the cotenancy, the Operating Partnership will receive a distribution consisting of the Office Unit and the North Building Unit, while the cotenant will receive a distribution of the Hotel Unit.

The Operating Partnership acquired its interest in 17 Battery Place on December 19, 1997 for an aggregate purchase price of approximately $57.8 million in cash. The purchase price was funded with proceeds from a borrowing under the Company's $140 million senior unsecured revolving credit facility (the "Credit Facility"). The Company based its determination of the price to be paid on the expected cash flow, physical condition, location, competitive advantages, existing tenancy and opportunities to retain and attract additional tenants. The Company did not obtain an independent appraisal on the Property. In addition, the Operating Partnership loaned to the cotenant $15.5 million on the terms referred to above. The loan amount was funded with proceeds from a borrowing under the Credit Facility.

ITEM 5. OTHER EVENTS

On December 18, 1997, the Company entered into a $140 million senior unsecured revolving credit facility with Lehman Brothers Holdings Inc.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) and (b) Financial Statements of Property Acquired and Pro Forma Financial Information

The financial statements and pro forma financial information required by Item 7(a) and 7(b) are currently being prepared and it is therefor impractical to provide this information on the date hereof. The Company will file the required financial statements and information under cover of Form 8-K/A as soon as practicable but in no event later than 60 days after the date on which this Form 8-K was required to be filed.

(c) Exhibits

2.1 Option to Purchase 17 Battery Place dated as of July 25, 1997*
2.2 Amended and Restated Agreement of Sale between 17 Battery Associates LLC ("17 Battery") and 17 Battery LLC dated as of June 27, 1997
2.3 Assignment and Assumption of Contract, dated as of September 3, 1997, between 17 Battery LLC and the Operating Partnership
2.4 Assignment and Assumption of Agreement, dated as of December 19, 1997, between 17 Battery and 17 Battery Upper Partners LLC ("Upper")
2.5 Assignment and Assumption of Agreement, dated as of December 19, 1997, between 17 Battery LLC and SLG 17 Battery LLC ("SLG 17")
2.6 Tenancy in Common Agreement between Upper and SLG 17 dated as of December 19, 1997
2.7 Amended and Restated Substitute Mortgage Note No. 1 between Upper and the Operating Partnership, dated as of December 19, 1997
5.1 Senior Unsecured Revolving Credit Facility between the Company, the Operating Partnership and Lehman Brothers Holdings Inc. dated as of December 18, 1997

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* Incorporated by reference to Exhibit 10.15 of the Company's Registration Statement on Form S-11 (333-29329).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SL GREEN REALTY CORP.

By: /s/ David J. Nettina

David J. Nettina
Executive Vice President, Chief Operating Officer and Chief Financial Officer

Date: January 2, 1998

EXHIBIT 2.2

AMENDED AND RESTATED AGREEMENT OF SALE

AMENDED AND RESTATED AGREEMENT OF SALE (the "Agreement") made as of this 27th day of June, 1997 between 17 BATTERY ASSOCIATES LLC, a New York limited liability company, having an address at c/o Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, 153 East 53rd Street, New York, New York 10022 (hereinafter called "Seller") and GREEN 17 BATTERY LLC, a New York limited liability company, having an office at c/o SL Green Realty Corp., 70 West 36th Street, New York, New York 10018 (hereinafter called "Purchaser"). Seller and Purchaser entered into an Agreement of Sale (the "Initial Agreement"), dated as of June 27, 1997, regarding the sale by Seller to Purchaser of a portion of the Property (as hereinafter defined). Seller and Purchaser desire to fully restate and amend the Initial Agreement as follows:

RECITALS

A. Seller, as purchaser, has entered into a Purchase and Sale Agreement, dated as of March 31, 1997, with Downtown Acquisition Partners, L.P. ("DAP"), as seller (as amended by Letter Agreement, dated April 3, 1997, First Amendment to Purchase and Sale Agreement, dated as of May 23, 1997, and Second Amendment to Purchase and Sale Agreement, dated as of August 14, 1997, collectively, the "DAP Contract"), to purchase from DAP all of DAP's right, title and interest in and to that certain lot, piece or parcel of land (the "Land"), located in the City, County and State of New York, as more particularly bounded and described in Exhibit A attached hereto made a part hereof, together with the building(s) erected thereon (collectively, the "Buildings") and any and all other fixtures and improvements erected thereon (the Buildings and such other fixtures and improvements being hereinafter collectively referred to as the "Improvements");

TOGETHER with all right, title and interest of DAP, if any, in and to (a) the land lying in the bed of any street, highway, road or avenue, opened or proposed, public or private, in front of or adjoining the Land, to the center line thereof, (b) any rights of way, appendages, appurtenances, easements, sidewalks, alleys, gores or strips of land adjoining or appurtenant to the Land and used in conjunction therewith and (c) any award or payment made or to be made in lieu of any of the foregoing for a taking of the Property (as hereinbelow defined) or any portion thereof and any unpaid award for damage to the Land or the Improvements by reason of change of grade or closing of any street, road or avenue;

TOGETHER ALSO with all right, title and interest of DAP, if any, in and to all fixtures, machinery, and equipment and other personal property (excluding furniture, furnishings, equipment and other personal property of space lessees of the Property) used in connection with or attached or appurtenant to or at or upon the Land and the Improvements at the date hereof, including, without limitation, such fire protection, heating, plumbing, electrical and air conditioning systems as now exist thereat. All of the above property, rights and interests to be sold pursuant to the DAP Contract (including, without limitation, the Land and the Improvements) are hereinafter sometimes collectively referred to as the "Property."

B. Seller intends to convert the Property into a three (3) unit condominium to be known as "The 17 Battery Place Condominium" (the "Condominium") pursuant to that certain Declaration of the Condominium (the "Declaration"), a copy of which is annexed to the TIC Agreement (as hereinafter defined).

C. Upon the establishment of the Condominium, Purchaser, through its assignee SLG 17 Battery LLC ("SLG"), desires to acquire Unit 2 and Unit 3 of the Condominium and Seller, through its assignee 17 Battery Upper Partner LLC ("Upper"), desires to acquire Unit 1 of the Condominium.

D. In order to permit the closing under the DAP Contract and the closing hereunder to occur simultaneously prior to the establishment of the Condominium, Seller desires Upper, and Purchaser desires SLG, to own the Property, as tenants in common, subject to and in accordance with that certain Tenancy In Common Agreement (the "TIC Agreement"), a copy of which is annexed hereto and made a part hereof as Exhibit M. All capitalized terms used herein and not defined herein shall have the meaning ascribed respectively thereto in the TIC Agreement.

NOW, THEREFORE for and in consideration of the mutual covenants and agreements herein contained and intending to be legally bound hereby, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller agrees to cause to be sold and conveyed to

Purchaser, and Purchaser agrees to purchase, upon the terms and conditions hereinafter contained, a Tenancy Interest in the Property (the "Premises").

1. Purchase Price

1.1 The purchase price (the "Purchase Price") for the Premises shall be the sum of FIFTY-SEVEN MILLION SEVEN HUNDRED EIGHTEEN THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS ($57,718,800.00), subject to apportionment in accordance with Article 5 below, payable as follows:

1.1.1 THREE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($3,500,000.00), on the signing of this Agreement, by wire transfer of immediately available federal funds pursuant to the instructions set forth on Exhibit A-4 annexed hereto and made a part hereof (the "First Downpayment"; $3,000,000 of the First Downpayment is hereinafter called the "Refundable First Downpayment"). Seller hereby acknowledges receipt of the First Downpayment;

1.1.2 FIFTY-FOUR MILLION TWO HUNDRED EIGHTEEN THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS ($54,218,800.00), on the Closing Date by wire transfer of immediately available funds to an account or accounts designated by Seller (the "Cash Payment").

2. Matters To Which The Sale Is Subject

2.1 The Premises shall be sold and conveyed subject to the Permitted Exceptions, as such term is defined in the DAP Contract, and all other terms and conditions of Sections 2.1.1 through 2.1.14, 2.2, 2.5, 2.6 and 2.7 of Article 2 of the DAP Contract including, without limitation, all defined terms as set forth therein, are hereby incorporated herein by this reference as if the DAP Contract was a direct contract between DAP, as seller, and the Tenancy, as buyer, of the respective interests in the Property as set forth in this Agreement. The Permitted Exceptions shall also include the following:

2.1.1 The Declaration, By-Laws and rules and regulations of the Condominium all as may be amended from time to time (collectively, together with all other documents and instruments in connection with the creation of the Condominium hereinafter collectively referred to as the "Condominium Creation Documents"; the Condominium Creation Documents together with all other documents and instruments in connection with the governing of the Condominium are collectively referred to as the "Condominium Governing Documents").

2.1.2 The TIC Agreement.

2.2 Deleted Prior to Execution.

2.3 If, on the Closing Date (as hereinafter defined), Seller is unable to cause DAP to perform under the DAP Contract, Purchaser may terminate this Agreement by written notice delivered on or promptly after the date scheduled for the Closing, in which event Seller shall repay to Purchaser the Refundable First Downpayment within sixty (60) days from the effective date of such termination but no earlier than by December 1, 1997 and no later than by December 31, 1997. This Agreement shall thereupon be deemed canceled and become void and of no further effect, and neither party shall have any obligations of any nature to the other hereunder or by reason hereof, except that the provisions of Sections 4.2, 4.3, 30.3.4.1 and Articles 11, 18, and 26 hereof shall survive such termination. Seller shall not be required to take or bring any action or proceeding or any other steps to remove any defect in or objection to title or to fulfill any condition or to expend any moneys therefor, nor shall Purchaser have any right of action against Seller therefor, at law or in equity. Notwithstanding the foregoing, Seller shall be required to cause to be paid, discharged or removed or released of record against the Premises at Seller's sole cost and expense all of the following items (collectively, "Seller's Liens"): (a) Voluntary Liens and (b) other liens and encumbrances encumbering the Premises which other liens and encumbrances (i) are in liquidated amounts and which may be satisfied solely by the payment of money (including the preparation or filing of appropriate satisfaction instruments in connection therewith) and (ii) do not exceed in the aggregate Two Hundred Fifty Thousand Dollars ($250,000.00). The term "Voluntary Liens" as used herein shall mean (i) liens and other encumbrances (other than Permitted Exceptions) which Seller has knowingly suffered or allowed to be placed on the Premises, including, without limitation, mechanics' liens which arise solely by reason of Seller's failure to pay amounts due, (ii) judgments and federal, state or municipal tax liens against Seller and (iii) mortgages other than any mortgages being assigned to Purchaser's lender.

2.4 Notwithstanding anything in Section 2.3 above to the contrary, Purchaser may at any time accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. The acceptance of the TIC Deed (as defined in the DAP Contract) and TIC Agreement by Purchaser shall be deemed to be full performance of, and discharge of, every agreement and obligation on Seller's part to be performed under this Agreement, except for such obligations, representations and warranties which are (i) expressly stated in this Agreement to survive the Closing, to the limit of such survival or (ii) expressly stated in a delivery made hereunder to survive the Closing, to the limit of such survival.

3. Closing.

The Closing of the transaction contemplated hereby ("Closing") shall occur on the date of the occurrence of the closing under the DAP Contract (the "DAP Closing Date"). Seller shall not set the DAP Closing Date without Purchaser's prior written consent; provided, however, that Purchaser may not require the DAP Closing Date be set other than in accordance with the DAP Contract. Time shall be of the essence with respect to Purchaser's obligation to close on the DAP Closing Date. The date on which the Closing actually occurs is referred to herein as the "Closing Date." The Closing shall be held at the time and place as provided for the closing under the DAP Contract. The parties agree to use best efforts to finalize and submit to each other all documents necessary for the Closing at least two (2) business days prior to the date scheduled for Closing.

4. As Is; Access to Property During The Pre-Closing Period.

4.1 Except as may be otherwise expressly set forth to the contrary in this Agreement:

4.1.1 Purchaser acknowledges that S.L. Green Management Corp. (the "Managing Agent") and S.L. Green Realty, Inc. (the "Leasing Agent"), each entities related to Purchaser and each controlled by Stephen L. Green, are currently and have been continuously since January 2, 1996 the managing agent and leasing agent, respectively, for the Property and, thus, Purchaser is fully familiar with the physical and financial condition of the Property, including, without limitation, the Premises, and has fully inspected same including, without limitation, the roof, all structural conditions, heating, air conditioning, ventilation and other mechanical systems, fire protection systems, electrical systems and plumbing systems and Purchaser is expressly purchasing the Premises in its existing condition "AS IS, WHERE IS, AND WITH ALL FAULTS" with respect to all facts, circumstances, conditions and defects. Seller has no obligation to determine or correct any such facts, circumstances, conditions or defects or to compensate Purchaser for same. Seller has specifically bargained for the assumption by Purchaser of all responsibility to investigate the Premises, Laws and Regulations, Rights, Facts, Space Leases, Service Contracts and Violations and of all risk of adverse conditions and has structured the Purchase Price and other terms of this Agreement in consideration thereof. Purchaser has undertaken all such investigations of the Premises, Laws and Regulations, Rights, Facts, Space Leases, Service Contracts and Violations as Purchaser deems necessary or appropriate under the circumstances as to the status of the Premises and based upon same Purchaser is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own consultants, agents, legal counsel and officers and Purchaser is and will be fully satisfied that the Purchase Price is fair and adequate consideration for the Premises and, by reason of all the foregoing, Purchaser assumes the full risk of any loss or damage occasioned by any fact, circumstance, condition or defect pertaining to the Premises, except as set forth in Article 10.

4.1.2 Seller hereby disclaims all warranties of any kind or nature whatsoever (including warranties of habitability and fitness for particular purposes), whether expressed or implied, including, without limitation, warranties with respect to the Premises except as expressly set forth in this Agreement. Purchaser further acknowledges that, except as otherwise expressly set forth in this Agreement, Purchaser is not relying upon any representation of any kind or nature made by Seller, or any of its employees or agents with respect to the Premises and that, in fact, no such representations were made except as expressly set forth in this Agreement.

4.1.3 Seller makes no warranty with respect to the presence of Hazardous Materials (as hereinafter defined) on, above or beneath the Land (or any parcel in proximity thereto) or in any water on or under the Property. Purchaser's closing hereunder shall be deemed to constitute an express waiver of Purchaser's right to cause Seller to be joined in any action brought under any Environmental Laws (as hereinafter defined). The

term "Hazardous Materials" shall mean (a) those substances included within the definitions of any one or more of the terms "hazardous materials", "hazardous wastes", "hazardous substances", "industrial wastes", and "toxic pollutants," as such terms are defined under the Environmental Laws, or any of them, (b) petroleum and petroleum products, including, without limitation, crude oil and any fractions thereof, (c) natural gas, synthetic gas and any mixtures thereof, (d) asbestos and/or any material which contains any hydrated mineral silicate, including, without limitation, chrysotile, amosite, crocidolite, tremolite, anthophylite and/or actinolite, whether friable or non-friable, (e) polychlorinated biphenyl ("PCBs") or PCB-containing materials or fluids, (f) radon, (g) any other hazardous or radioactive substance, material, pollutant, contaminant or waste, and (h) any other substance with respect to which any Environmental Law or governmental authority requires environmental investigation, monitoring or remediation. The term "Environmental Laws" shall mean all federal, state and local laws, statutes, ordinances and regulations, now or hereafter in effect, in each case as amended or supplemented from time to time, including, without limitation, all applicable judicial or administrative orders, applicable consent decrees and binding judgments relating to the regulation and protection of human health, safety, the environment and natural resources (including, without limitation, ambient air, surface, water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. Sections 136, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S. Sections 6901, et seq.) ("RCRA"), the Toxic Substance Control Act, as amended (42 U.S.C. Sections 7401, et seq.), the Clean Air Act, as amended (42 U.S.C. Sections 7401, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251, et seq.), the Occupational Safety and Health Act, as amended (29 U.S.C. Sections 651, et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. Sections 300f, et seq.), any state or local counterpart or equivalent of any of the foregoing, and any Federal, state or local transfer of ownership notification or approval statutes.

4.2 Purchaser shall not, and shall not permit its employees, consultants, engineers and agents to, conduct any soil tests or sampling or any boring, digging, drilling or other physical intrusion of the Premises (collectively, "Testing"), without the prior consent of Seller, which consent Seller shall not unreasonably withhold or delay, and without DAP's consent until the DAP Closing Date, which consent DAP may withhold in accordance with the DAP Contract. If Seller consents thereto, Purchaser shall (a) furnish to Seller and DAP (to the extent DAP then has an ownership interest in the Property) property damage and liability insurance policies in form and amounts reasonably acceptable to Seller prior to commencing any such Testing and shall, upon completion thereof, restore promptly, at Purchaser's cost and expense, the Premises, or any portion thereof, to its condition existing prior to such Testing, and (b) (i) at all times be accompanied by a representative of Seller and DAP (to the extent DAP then has an ownership interest in the Property) when at the Premises (and, in connection therewith, shall give Seller reasonable prior notice of Purchaser's request to enter the Premises and (ii) not interfere with the operation of the Premises or disturb the occupancy of any Space Lessee. Purchaser hereby indemnifies and holds harmless Seller and DAP (to the extent DAP then has an ownership interest in the Property) from any and all claims, damage, liability, loss, cost and expense that may arise in connection with all claims arising out of the acts of Purchaser, its partners, agents, employees, licensees, invitees, contractors and consultants in violation of the provisions of this Section 4.2.

4.3 Purchaser and its authorized representatives, partners, agents, employees, licensees, contractors and consultants, upon giving Seller reasonable prior notice of Purchaser's request but, until the DAP Closing Date, subject to the provisions of the DAP Contract and, if applicable, DAP's approval, shall, from time to time for the period commencing on the date hereof until the DAP Closing Date (the "Pre-Closing Period") have access to the Premises provided Purchaser shall (a) at all times be accompanied by a representative of Seller (and a representative of DAP) when at the Premises and (b) not materially interfere with the operation of the Property or materially disturb the occupancy of any Space Lessee. Purchaser hereby indemnifies and holds harmless Seller and DAP from any and all claims, damage, liability, loss, cost and expense that may arise in connection with all claims arising out of the acts of Purchaser, its authorized representatives, partners, agents, employees, licensees, invitees, contractors and consultants in violation of provisions of this Section 4.3.

5. Apportionments.

All terms and conditions of Article 6 and Section 7.1.10(f) of the DAP Contract including, without limitation, all defined terms as set forth therein, are incorporated herein by this reference as if the DAP Contract was a direct contract between DAP, as seller, and the Tenancy, as buyer, of the respective interests in the Property as set forth in this Agreement and, accordingly, all apportionments as between the parties hereto shall be allocated on the same basis that income from, and responsibility for expenses of, the Property are governed under the TIC Agreement.

6. Representations and Warranties of the Parties.

6.1 Seller warrants, represents and covenants to and with Purchaser that the following are true and correct on the date hereof:

6.1.1 Seller is a limited liability company duly formed and in good standing under the laws of the State of New York and has the requisite power and authority to enter into and to perform the terms of this Agreement. Seller is not subject to any law, order, decree, restriction or agreement which prohibits or would be violated by this Agreement or the consummation of the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of Seller.

6.1.2 Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code 1986, as amended, or any regulations promulgated thereunder (collectively, the "Code").

6.1.3 Seller makes no representation or warranty with regard to any leases or other occupancy agreements of all or any portion of the Premises (such leases or occupancy agreements, together with all renewals, replacements and amendments thereof entered into after the date hereof (in accordance with Article 25 of the DAP Agreement) being herein referred to as the "Space Leases") that on the Closing Date all or any of such Space Lessees under such Space Leases will be in occupancy or paying rent. Purchaser acknowledges that it has reviewed and is familiar with each of the Space Leases affecting the Premises as of the date hereof as more fully described on Exhibit B annexed hereto and made a part hereof.

6.1.4 Nothing herein contained shall be deemed to be a guaranty, warranty or assurance that the Service Contracts, or any of them, will be in effect at the Closing, and the termination of any Service Contract prior to Closing shall not affect Purchaser's obligations hereunder.

6.1.5 DAP has represented to Seller, under the DAP Contract, that, fixed rent and additional rent are being billed to the Space Lessees, as of the date of the DAP Contract, in accordance with the schedule set forth on Exhibit F attached hereto and made a part hereof (the "Rent Roll").

6.1.6 Deleted Prior to Execution.

6.1.7 There are no other contracts presently in effect to which Seller is a party with respect to the purchase of all or any portion of the Property other than the DAP Contract. The DAP Contract is in full force and effect.

6.2 Purchaser warrants, represents and covenants to and with Seller that the following are true and correct on the date hereof:

6.2.1 Purchaser is a limited liability company organized and in good standing under the laws of the State of New York and has the requisite power and authority to enter into and to perform the terms of this Agreement. Purchaser is not subject to any law, order, decree, restriction, or agreement which prohibits or would be violated by this Agreement or the consummation of the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of Purchaser.

6.3 Purchaser agrees and acknowledges that, except as specifically set forth in this Agreement, neither Seller nor any agent or representative or purported agent or representative of Seller has made, and Seller is not liable for or bound in any manner by, any express or implied warranties, guaranties, promises, statements, inducements, representations or information pertaining to the Property, the Premises, or any part thereof. Without limiting the generality of the foregoing, Purchaser has not relied on any representations or warranties, and Seller has not made any representations or warranties other than as expressly set forth herein, in either case express or implied, as to (a) the current or future real estate tax liability, assessment or valuation of the Premises, (b) the potential qualification of the Premises for any and all benefits conferred by Federal, state or

municipal laws, whether for subsidies, special real estate tax treatment, insurance, mortgages, or any other benefits, whether similar or dissimilar to those enumerated, (c) the compliance of the Premises, in its current or any future state, with applicable zoning ordinances and the ability to obtain a change in the zoning or a variance with respect to the Premises non-compliance, if any, with said zoning ordinances, (d) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Premises from any source, including, but not limited to, any state, city or Federal government or any institutional lender, (e) the current or future use of the Premises, (f) the present and future condition and operating state of any and all machinery or equipment on the Premises and the present or future structural and physical condition of any building or its suitability for rehabilitation or renovation, (g) the ownership or state of title of any personal property on the Premises, (h) the presence or absence of any Laws and Regulations or any Violations, (i) the compliance of the Premises or the Space Leases (or the rentals thereunder) with any rent control or similar law or regulation, (j) the ability to relocate any Space Lessee or to terminate any Space Lease and (k) the layout, leases, rents, income, expenses, operation, agreements, licenses, easements, instruments, documents or service contracts of or in any way affecting the Premises. Further, Purchaser acknowledges and agrees that Seller is not liable for or bound by (and Purchaser has not relied upon) any verbal or written statements, representations or any other information respecting the Premises furnished by Seller or any broker, employee, agent, consultant or other person representing or purportedly representing Seller. The provisions of this Section 6.3 shall survive the Closing.

6.4 Subject to Purchaser's compliance with the requirements of this Section 6.4, Seller's representations and warranties contained in Section 6.1 shall survive the Closing, provided that any action based thereon must be commenced within one hundred eighty (180) days after the Closing (the "Action Survival Period"). Any claim by Purchaser that Seller breached the aforesaid representations or warranties must be made by Purchaser in all events prior to the expiration of the Action Survival Period by Purchaser delivering to Seller written notice (a "Claim Notice") setting forth (a) a description in reasonable detail of the claimed breach or breaches, as applicable, (b) a statement that the claimed breach has, or claimed breaches in the aggregate have, a material adverse effect ("MA Effect") (as hereinbelow defined), (c) the Section and subsection of this Agreement under which such claimed breach or breaches is asserted, (d) Purchaser's good faith calculation of the damages suffered by Purchaser by reason of such claimed breach or breaches and (e) all relevant and material documents and written material, if any, upon which Purchaser asserts such claimed breach or breaches. TIME SHALL BE OF THE ESSENCE in respect of Purchaser's obligation to deliver to Seller any Claim Notice in the manner herein provided within the Action Survival Period. Purchaser shall not be entitled to deliver a Claim Notice, and Seller shall have no liability for, any claimed breach of the aforesaid representations and warranties unless Purchaser timely complies with subdivisions (a), (b), (c), (d) and (e) of this Section 6.4. Seller shall have no liability in respect of any Claim Notice unless and until there shall be found to have existed, pursuant to a nonappealable order of a court of competent jurisdiction (a "Breach Finding"), one or more breaches by Seller of such representations or warranties which, individually or in the aggregate, have a MA Effect. The term "MA Effect" as used in this Agreement shall mean the occurrence of a Breach Finding for which the cost or payment of money necessary to cure or make true such Breach Finding, or the actual damages to Purchaser occasioned by such Breach Finding (including Purchaser's legal fees and expenses incurred in legal proceedings against Seller in connection with such Breach Finding, provided Purchaser shall be the prevailing party), exceed an amount equal to or greater than Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00). Notwithstanding anything contained herein to the contrary, Purchaser shall use all reasonable efforts to give Seller a Claim Notice reasonably promptly after Purchaser has learned of any applicable breach of any of Seller's representation or warranties.

7. Closing Deliveries.

7.1 At or prior to the Closing, Seller shall direct DAP to make or cause to be made, as the case may be, the following deliveries to the Tenancy and/or to Purchaser, as the case may be:

7.1.1 Seller shall direct DAP to deliver the TIC Deed to the Tenancy in accordance with the applicable provisions of the DAP Contract.

7.1.2 Seller shall direct DAP to deliver to the Tenancy an assignment of all of DAP's right, title and interest as landlord or otherwise under each of the Space Leases affecting the Property in accordance with the applicable provisions of the DAP Contract, and shall direct DAP to deliver to the Tenancy executed originals or copies certified to DAP's knowledge to be true, correct and complete copies (if DAP does not have originals in its

possession) of each of such Space Leases and all correspondence and other records, if any, pertaining to such Space Leases, in each case to the extent in DAP's possession. Seller shall direct that all Space Lessees' security deposits in the amount as set forth in Exhibit B-1 attached hereto and made a part hereof or in the amount required to have been deposited with the landlord under such Space Leases as set forth in Exhibit B-2 except to the extent applied by DAP in accordance with the DAP Contract (together with accrued interest thereon, if any, less DAP's proportionate share of administrative fees, if any, together with DAP's calculation of such fees), subject to subsection 6.1.6 hereof, be turned over by DAP to the Tenancy at the Closing, at DAP's option, by (a) payment of the amount thereof to the Tenancy or (b) a credit to the Tenancy against the Purchase Price. Seller shall, in addition, instruct DAP in connection with any such securities in form other than cash to transfer same to the Tenancy by way of appropriate instruments of transfer or assignment.

7.1.3 Seller shall direct DAP to execute and deliver to the Tenancy (x) notices to the Space Lessees under the Space Leases advising them of the sale of the Property and (y) notices to the vendors under the Service Contracts advising them of the sale of the Property; each in a form and in accordance with the applicable provisions of the DAP Contract.

7.1.4 Seller shall direct DAP to assign to the Tenancy all of DAP's right, title and interest in and to the Service Contracts set forth on Exhibit C and Exhibit C-1 and all other Service Contracts entered into after
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the date hereof pursuant to this Agreement in accordance with the applicable provisions of the DAP Contract.

7.1.5 Seller shall direct DAP to deliver to the Tenancy a bill of sale, conveying and transferring to the Tenancy all right, title and interest of DAP in and to all fixtures, machinery, equipment, articles of personal property and improvements in the nature of personal property attached or appurtenant to, or located on, or used in connection with the use or operation of, or used or adapted for use in connection with the enjoyment or occupancy of the Property, specifically excluding, however, any personal property of Space Lessees (the "Personal Property"), in accordance with the applicable provisions of the DAP Contract. No portion of the Purchase Price shall be deemed allocated to payment for the Personal Property.

7.1.6 Seller shall direct DAP to deliver to the Tenancy all keys to any portion of the Property to the extent in DAP's possession or control in accordance with the applicable provisions of the DAP Contract.

7.1.7 Seller shall direct DAP to deliver to the Tenancy a certificate, duly executed and acknowledged by DAP, in accordance with Section 1445 of the Code.

7.1.8 Seller shall deliver to Purchaser resolutions of Seller, in form reasonably satisfactory to Purchaser and the Title Company, authorizing the transaction contemplated herein and the execution and delivery of the documents required to be executed and delivered hereunder.

7.1.9 Seller shall deliver to Purchaser a certificate of Seller, dated as of the Closing, certifying to the fulfillment of the condition set forth in subsection 8.2.2 hereof.

7.1.10 Seller shall direct DAP to deliver to the Tenancy an assignment and adoption agreement pursuant to which the Union Agreements are assigned to the Tenancy and duly adopted and assumed by the Tenancy in accordance with the applicable provisions of the DAP Contract provided
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however that if the Green Entity (as defined in the DAP Contract) delivers
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the Employment Indemnities (as defined in the DAP Contract) in favor of DAP and Seller, then the Tenancy, at Purchaser's election, may, but shall not be obligated to, assume the obligations under the Union Agreements, and further, at Purchaser's election, may, but shall not be obligated to, offer employment to and hire any or all Employees covered by the Union Agreements.

7.2 At or prior to the Closing, Purchaser and/or Seller, as the case may be, shall make, have made or caused to be made, the following deliveries:

7.2.1 Purchaser shall pay the Cash Payment required pursuant to subsection 1.1.2 hereof.

7.2.2 Purchaser and Seller each shall execute, acknowledge and deliver, on behalf of the Tenancy, to DAP, a counterpart of all documents to be delivered to DAP by the Tenancy pursuant to the DAP Contract.

7.3 Seller and Purchaser, at the Closing, shall prepare, execute and

deliver to each other, subject to all the terms and provisions of this Agreement, the TIC Agreement, a closing statement and any other documents reasonably required by the Title Company or otherwise reasonably required in order to consummate the transactions contemplated hereby.

8. Conditions to Closing Obligations.

8.1 Notwithstanding anything to the contrary contained herein, the obligation of Seller to close title in accordance with this Agreement is expressly conditioned upon the fulfillment by and as of the time of Closing of each of the conditions listed below; provided that Seller, at its election, evidenced by written notice delivered to Purchaser at or prior to the Closing, may waive any of the conditions set forth in subsections 8.1.1 and 8.1.2:

8.1.1 Purchaser shall have executed and delivered to Seller all of the documents, shall have paid all sums of money and shall have taken or caused to be taken all of the other actions required of Purchaser in this Agreement.

8.1.2 All representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as of the Closing Date.

8.1.3 The DAP Closing shall have occurred.

8.2 Notwithstanding anything to the contrary contained herein, the obligation of Purchaser to close title in accordance with this Agreement is expressly conditioned upon the fulfillment by and as of the time of the Closing of each of the conditions listed below, provided that Purchaser, at its election, evidenced by written notice delivered to Seller at or prior to the Closing, may waive all or any of such conditions except the condition set forth in subsections 8.2.3:

8.2.1 Seller shall have executed and delivered to Purchaser all of the documents, and shall have taken or caused to be taken all of the other actions, required of Seller under this Agreement.

8.2.2 The representations and warranties made by Seller in this Agreement shall be true and correct in all material respects as of the Closing Date, except that to the extent the facts underlying such representations may have changed as of the Closing, then Seller shall represent in the certificate delivered pursuant to subsection 7.1.9 such changed facts and circumstances.

8.2.3 The DAP Closing shall have occurred.

8.2.4 Deleted Prior to Execution.

8.2.5 There shall be no actions, suits or proceedings pending or threatened against the Premises, at law or in equity, before any governmental authority which would in any way affect title to the Premises.

8.2.6 There shall be no pending or written notice of any condemnation or eminent domain proceedings that would affect any portion of the Premises.

8.2.7 Seller shall not have caused or consented to the introduction of Hazardous Material on, above or beneath the Land underlying the Premises provided, however, that this condition shall have been deemed to have been waived by Purchaser if Purchaser, Managing Agent or Leasing Agent, or any related entities thereto, have caused or consented to the introduction of Hazardous Materials on, above or beneath the Land underlying the Premises.

9. Limitation on Liability of Parties.

9.1 In the event Purchaser shall default in the performance of Purchaser's obligations under this Agreement and the Closing does not occur as a result thereof, Seller's sole and exclusive remedy shall be, and Seller shall be entitled, to retain the First Downpayment as and for full and complete liquidated and agreed damages for Purchaser's default, and Purchaser shall be released from any further liability to Seller hereunder, except that the provisions of Sections 4.2, 4.3, 30.3.4.1 and Articles 11, 18, and 26 hereof shall survive.

9.2 Subject to the provisions of Section 2.3 hereof, in the event that either (A) Seller shall default in the performance of Seller's obligations under this Agreement or (B) the changes, if any, set forth in the certificate delivered pursuant to subsection 7.1.9 (the "Certificate Changes")

individually or in the aggregate have an MA Effect (unless such representations have changed by reason of facts and circumstances which pursuant to the terms of this Agreement are permitted to have occurred), Seller shall be entitled upon Closing, in its sole discretion, to credit against the Purchase Price such amount on account of such default or changes as will cause such default or changes to result in actual damages to Purchaser not to exceed $50,000.00, failing which, if the Closing does not occur as a result of such default or changes, Purchaser's sole and exclusive remedy shall be, and Purchaser shall be entitled, to either (1) terminate this Agreement and have Seller repay to Purchaser the Refundable First Downpayment, the repayment of such Refundable First Downpayment to be made within sixty (60) days from the effective date of such termination but no earlier than by December 1, 1997 and no later than by December 31, 1997 with such repayment of the Refundable First Downpayment being guaranteed by Gross pursuant to the Guaranty, upon which neither party shall have any further obligations or liabilities to the other hereunder or by reason hereof, except that the provisions of Sections 4.2, 4.3, 30.3.4.1 and Articles 11, 18 and 26 hereof shall survive or (2) close title to the Premises and receive a credit against the Purchase Price in the amount of $200,000.00 or (3) solely, if Seller's default was willful and intentional, to exercise such remedies at law to which Purchaser may be entitled. Seller and Purchaser hereby agree, notwithstanding anything to the contrary contained in this Agreement, that (I) nothing herein contained shall diminish Seller's obligations under Section 2.3 to pay upon Closing the full amount of any Seller's Liens and (II) the provisions of subdivisions (1), (2) and (3) above shall not apply in the event that the Certificate Changes do not, individually or in the aggregate, have an MA Effect and Purchaser shall not be relieved of its obligations under this Agreement as a result thereof.

10. Fire or Other Casualty; Condemnation.

10.1 Seller agrees to give Purchaser reasonably prompt notice of any fire or other casualty occurring at the Premises of which Seller obtains knowledge, between the date hereof and the date of the Closing, or of any actual or threatened condemnation of all or any part of the Premises of which Seller obtains knowledge.

10.2 If, prior to the Closing, there shall occur (a) damage to the Premises caused by fire or other casualty which would cost $1,750,000.00 or more to repair as determined by Seller's engineer (such engineer subject to Purchaser's reasonable approval) which determination shall be conclusive as between Seller and Purchaser, or if the damage to the Premises is less than $1,750,000.00 but damage to the portions of the Property other than the Premises would materially adversely affect Purchaser's ability to operate the Premises for office use, or (b) a taking by condemnation of any portion of the Property which materially adversely affects Purchaser's ability to operate the Premises for office use, then, and in either such event, Purchaser may elect to terminate this Agreement by written notice given to Seller within ten (10) business days after Seller has given Purchaser the notice referred to in Section 10.1 hereof, or Purchaser has received the written estimate of the engineer as to the cost of restoration, as the case may be, in which event Seller shall repay to Purchaser the Refundable First Downpayment, the repayment of such Refundable First Downpayment to be made within sixty (60) days from the effective date of such termination but no earlier than by December 1, 1997 and no later than by December 31, 1997 and this Agreement shall thereupon be null and void and neither party hereto shall thereupon have any further obligation to the other, except that the provisions of Sections 4.2, 4.3, 30.3.4.1 and Articles 11, 18, and 26 hereof shall survive such termination. If Purchaser does not elect to terminate this Agreement, then the Closing shall take place as herein provided, without abatement of the Purchase Price, and Seller shall cause DAP to assign to the Tenancy all of DAP's interest in any insurance proceeds or condemnation awards applicable to the Property and to deliver to the Tenancy any such proceeds or awards theretofore paid to DAP. The parties agree that the provisions of Article 10 and Article 11 of the TIC Agreement shall govern the parties as if the casualty and/or condemnation had occurred during the term of the Tenancy.

10.3 If, prior to the Closing, there shall occur (a) damage to the Premises caused by fire or other casualty which would cost less than $1,750,000.00 to repair, as determined by Seller's engineer (such engineer subject to Purchaser's reasonable approval), which determination shall be conclusive as between Seller and Purchaser, or damage to the Property which does not materially adversely affect Purchaser's ability to operate the Premises for office use or (b) a taking by condemnation of any part of the Property which does not materially affect Purchaser's ability to operate the Premises for office use, then, and in either such event, neither party shall have the right to terminate its obligations under this Agreement by reason thereof and Seller shall cause DAP to assign to the Tenancy all of DAP's interest in any insurance proceeds or condemnation awards applicable to the

Property and to deliver to the Tenancy any such proceeds or awards theretofore paid to DAP. The parties agree that the provisions of Article 10 and Article 11 of the TIC Agreement shall govern the parties as if the casualty and/or condemnation had occurred during the term of the Tenancy.

10.4 Deleted Prior to Execution.

10.5 The provisions of this Article 10 are intended to supersede the provisions of the New York General Obligation Law 5-1311.

10.6 Notwithstanding anything contained herein to the contrary, Seller shall not exercise any rights under Article 11 of the DAP Contract without Purchaser's consent, such consent not to be unreasonably withheld or delayed.

11. Brokerage.

Purchaser and Seller each represent and warrant to the other that it has not dealt with any broker, consultant, finder or like agent who might be entitled to a commission or compensation on account of introducing the parties hereto, the negotiation or execution of this Agreement or the closing of the transactions contemplated hereby other than Nechie Realty Corp. (the "Broker"). Seller shall pay the commission due to Broker pursuant to separate agreement. Purchaser and Seller each further agree to indemnify and hold the other, their respective successors and assigns, harmless from and against all claims, losses, liabilities and expenses (including, without limitation, reasonable attorneys fees and disbursements) which may be asserted against, imposed upon or incurred by such party by reason of any claim made by any other broker, consultant, finder or like agent (claiming to have dealt with the indemnifying party) for commissions or other compensation for bringing about this transaction or claiming to have introduced the Premises to Purchaser. The provisions of this Article 11 shall survive the Closing or other termination of this Agreement.

12. Closings Costs; Fees and Disbursements of Counsel. etc.

Seller shall, at the Closing, cause DAP to pay the New York State Real Estate Transfer Tax as imposed pursuant to Article 31 and Section 1402 of the New York Tax law (the "State Transfer Tax") and the New York City Real Property Transfer Tax as imposed pursuant to Title 11, Chapter 21 of the New York Administrative Code (the "City Transfer Tax") if any, imposed upon or payable in connection with the transfer of title to the Property to the Tenancy and the recordation of the TIC Deed. Seller and Purchaser shall each execute and/or swear on behalf of the Tenancy to the returns or statements required in connection with the aforesaid taxes. Seller shall pay twenty (20%) percent of, and Purchaser shall pay eighty (80%) percent of, respectively, all charges for recording and/or filing the TIC Deed, the memorandum of TIC Agreement and the costs of the examination of title and all title insurance policy premiums for title insurance purchased by the Tenancy with respect to the Property. Each of the parties hereto shall bear and pay the fees and disbursements of its own counsel, accountants and other advisors in connection with the negotiation and preparation of this Agreement and the Closing. Notwithstanding anything contained herein to the contrary, Purchaser shall receive a tax adjustment credit against the Purchase Price at Closing in the amount of $82,000. Seller hereby indemnifies and holds Purchaser harmless from and against any loss, cost, claim, liability, damage or expense (including reasonable attorneys fees) which may arise in connection with the liability of Purchaser (as determined pursuant to a final nonappealable judgment of a court of competent jurisdiction), if any, for the payment (including interest and penalties, if any) of the State Transfer Tax and the City Transfer Tax payable, if any, in connection with the recording of any confirmatory deeds for Unit 1, Unit 2 and Unit 3 upon the establishment of the Condominium. The provisions of this Article 12 shall survive the Closing.

13. Notices.

Except as otherwise provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (for the purposes of this Article collectively referred to as "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement, in order to constitute effective notice to the other party, shall be in writing and shall be deemed to have been given when (a) personally delivered with signed delivery receipt obtained, (b) when transmitted by facsimile machine, if followed by giving of, pursuant to one of the other means set forth in this Article 13 before the end of the first business day thereafter, printed confirmation of successful transmission to the appropriate facsimile number of the address listed below as obtained by the sender from the sender's facsimile machine, (c) upon receipt, when sent by prepaid reputable overnight

courier or if sent postage prepaid by registered or certified mail, return receipt requested, in each case addressed as follows:

If to Purchaser to:

Green 17 Battery LLC
c/o SL Green Realty Corp.
70 West 36th Street
New York, New York 10018
Attention: Benjamin P. Feldman, Esq.
Telecopier: (212) 594-2262

With a copy to:

Robinson Silverman Pearce Aronsohn & Berman LLP
1290 Avenue of the Americas
New York, New York 10104
Attention: Jonathan S. Margolis, Esq.
Telecopier: (212) 541-1355

If to Seller, to:

17 Battery Associates LLC
c/o Greenberg, Traurig, Hoffman, Lipoff,
Rosen and Quentel
153 East 53rd Street
New York, New York 10022
Attention: Robert J. Ivanhoe, Esq.
Telecopier: (212) 223-7161

Notices shall be valid only if served in the manner provided above. An attorney for a party may give any Notices on behalf of such party.

14. Survival; Governing Law.

Except as otherwise expressly set forth in this Agreement, the provisions of this Agreement shall not survive the Closing provided for herein. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of New York.

15. Counterparts: Captions.

This Agreement may be executed in counterparts, each of which shall be deemed an original. The captions are for convenience of reference only and shall not affect the construction to be given any of the provisions hereof.

16. Entire Agreement: No Third Party Beneficiaries.

This Agreement (including all exhibits annexed hereto), contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings, if any, with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto. The provisions of this Article shall survive the Closing.

17. Waivers; Extensions.

No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

18. No Recording.

The parties hereto agree that neither this Agreement nor any memorandum or notice hereof shall be recorded.

19. Assignments.

Neither Purchaser's interest under this Agreement nor any part thereof may be assigned or transferred by Purchaser or any successor-in-

interest to Purchaser. Notwithstanding the foregoing, Purchaser may (x) assign its interest under this Agreement to SL Green Realty Corp. (the "REIT") or to the operating partnership in which such REIT is the general partner, or to any subsidiary of the REIT or to any entity that the REIT has majority control of, or collaterally assign its interest under this Agreement to Lehman Brothers Holdings Inc. ("Lehman") as collateral for a loan between Lehman and affiliate(s) of Purchaser or, upon Closing, collaterally assign its interest under this Agreement to any entity providing purchase money financing to Purchaser with respect to the Premises or (y) direct Seller to cause the TIC Deed to be delivered to any such entity as co-tenant with Seller provided such entity assumes in writing, in form acceptable to Seller, all of Purchaser's obligations hereunder, including, without limitation, the obligation to execute such applicable Closing documents and make all Closing deliveries required of Purchaser hereunder. An assignment made in violation of this Article 19, shall, unless in each instance the prior written consent of Seller has been obtained, constitute a default under the Agreement and shall entitle Seller to exercise all rights and remedies provided for herein in the case of default.

20. Pronouns; Joint and Several Liability.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties may require. If Purchaser consists of two or more parties, the liability of such parties shall be joint and several.

21. Successors and Assigns.

This Agreement shall bind and inure to the benefit of Seller, Purchaser and their respective permitted successors and assigns.

22. Deleted Prior to Execution.

23. Deleted Prior to Execution.

24. Deleted Prior to Execution.

25. Union Agreements.

25.1 Subject to the provisions of Section 7.10 hereof, Purchaser acknowledges that DAP is (and the Tenancy upon its acquisition of the Property from DAP shall be) a party to those certain collective bargaining agreements more particularly described on Exhibit K attached hereto and made a part hereof (the "Union Agreements") with respect to the employees described on Exhibit G attached hereto and made a part hereof (the "Employees"). In the event Purchaser elects not to cause the Green Entity to provide the Employment Indemnities to DAP and Seller then the Tenancy shall adopt the Union Agreements and assume the obligations of an employer thereunder and offer employment to all Employees covered by the Union Agreements.

25.2 The obligations and undertakings of Purchaser under this Article 25 are a special inducement to Seller to enter into this Agreement without which Seller would not enter into this Agreement.

25.3 The provisions of this Article 25 shall survive the Closing.

26. Confidentiality.

Seller and Purchaser covenant and agree not to communicate the terms or any aspect of this transaction, or the transaction contemplated by the DAP Contract, to any person or entity prior to the Closing except for their respective advisors, attorneys, accountants, actual and prospective lenders including, without limitation, the REIT (the "Transaction Parties") provided, however, that the Transaction Parties shall also agree to keep all such information confidential in accordance with the terms hereof. Without limiting the generality of the foregoing, Seller and Purchaser covenant and agree to hold, in the strictest confidence, the content of any and all information in respect of the Property which is supplied by Seller to Purchaser or by Purchaser to Seller. The foregoing confidentiality obligations shall not apply to the extent that such (a) information (i) is a matter of public record or is provided in other sources readily available to the real estate industry other than as a result of disclosure by Purchaser or Seller, as applicable, or the Transaction Parties, (ii) was available to

Seller or Purchaser or the Transaction Parties on a non-confidential basis prior to its disclosure to Seller or Purchaser, as applicable, or the Transaction Parties, (iii) becomes available to Seller or Purchaser, as applicable, or the Transaction Parties from a source known to Seller or Purchaser, as applicable, or the Transaction Parties not to have a duty of confidentiality with regard to the information or (iv) was or is independently developed by Seller or Purchaser or the Transaction Parties from non-confidential sources or (b) disclosure is compelled by law or by regulatory or judicial process or (c) disclosure is reasonably required in connection with the initial public offering of the REIT. Notwithstanding anything contained herein to the contrary, in the event Seller or Purchaser is required by law or by regulatory or judicial process to disclose any confidential documents or information, prior to disclosing same, Seller or Purchaser, as applicable, shall notify the other in writing of such required disclosure, shall exercise all commercially reasonable efforts to preserve the confidentiality of the confidential documents or information, as the case may be, including, without limitation, reasonably cooperating with the other party to obtain an appropriate order or other reliable assurance that confidential treatment will be accorded such confidential documents or information, as the case may be, by such tribunal and shall disclose only that portion of the confidential documents or information which it is legally required to disclose. If this Agreement is terminated such confidentiality shall be maintained and Seller and Purchaser and the Transaction Parties will destroy or deliver to Seller or Purchaser, as applicable, upon request, all documents and other materials, and all copies thereof, obtained thereby in connection with this Agreement that are subject to such confidence, with any such destruction confirmed to the other party in writing. The provisions of this Article 26 shall survive Closing. Purchaser hereby indemnifies and holds Seller harmless from any and all claims, losses, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees) arising in connection with the violation of any of Purchaser's obligations under this Article 26. Seller hereby indemnifies and holds Purchaser harmless from any and all claims, losses, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees) arising in connection with the violation of any of Seller's obligations under this Article 26.

27. Further Assurances.

The parties each agree to do such other and further acts and things, and to execute and deliver such instruments and documents (not creating any obligations additional to those otherwise imposed by this Agreement) as either may reasonably request from time to time, whether at, before or after the Closing, to confirm or effectuate the provisions of this Agreement.

28. Deleted Prior to Execution.

29. DAP Contract

Purchaser acknowledges and agrees that its rights hereunder are subject to the rights of DAP under the DAP Contract and to Seller's obligations thereunder until the DAP Closing Date and, thereafter, subject to the rights of DAP under the DAP Contract and to Seller's obligations thereunder that survive the DAP Closing Date. True and correct copies of the DAP Contract have been delivered to Purchaser the receipt of which is hereby acknowledged. Seller covenants that it will not (x) grant any option to purchase, or enter into any other agreement to sell or net lease the Premises or convey all, or any portion of, the Premises during such time as this Agreement is in full force and effect or (y) modify the DAP Contract, waive any rights thereunder, grant any consents thereunder or enter into any agreement with respect to any portion of the Property which in any way would have a material adverse effect upon the rights of Purchaser hereunder or (z) enter into any agreement with respect to any portion of the Property which would preclude Seller from performing its obligations hereunder, without, in each case, Purchaser's prior written consent, which consent may be withheld in Purchaser's sole discretion. Except as expressly set forth in this Agreement, neither party has any obligation to sell or purchase the Premises. To the extent DAP has made any representations or indemnifications with respect to the Premises in the DAP Contract which survive the DAP Closing Date and which are assignable (collectively the "Surviving Reps"), Seller shall assign such Surviving Reps to the Tenancy and/or to Purchaser at Closing, without any representation or warranty by, or recourse against, Seller whatsoever. If such Surviving Reps are not assignable Purchaser and/or the Tenancy shall be entitled, at Purchaser's expense, to make such claims in Seller's name, as Purchaser and/or the Tenancy may elect in connection with such Surviving Reps.

30. Additional Covenants

30.1 During the period from the date hereof until the occurrence of the DAP Closing Date and provided this Agreement is in full force and effect, Seller shall:

30.1.1 use reasonable efforts to cause DAP to perform its obligations under the DAP Contract to the extent reasonably necessary for Seller to comply with its obligations hereunder;

30.1.2 in accordance with Section 7.1.4 of the DAP Contract request that DAP effectuate Phase 1 and Phase 2 of the Local Law 10 work (the "Facade Work") under the Capital Improvement Contracts, as such term is defined in the DAP Contract.

30.1.3 use reasonable efforts to obtain the consent of DAP to such matters as Purchaser may reasonably request.

30.1.4 not assign the DAP Contract to an unaffiliated entity.

30.1.5 not extend the scheduled DAP Closing Date past December 31, 1997, without Purchaser's consent, which consent may be withheld in Purchaser's sole discretion.

30.2 Deleted Prior to Execution.

30.3 Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel as escrow agent ("Escrow Agent") acknowledges receipt of ONE HUNDRED THOUSAND AND 00/100 DOLLARS ($100,000.00) from Seller and ONE HUNDRED THOUSAND AND 00/100 DOLLARS ($100,000.00) from Purchaser (collectively, the "Condominium Diligence Deposit"). The Condominium Diligence Deposit shall be held by Escrow Agent in an interest bearing escrow at Citibank, N.A. Escrow Agent shall have no liability for any fluctuations in the interest rate paid by Citibank, N.A. on the Condominium Diligence Deposit and is not a guarantor thereof. The Condominium Diligence Deposit shall be disbursed in accordance with the terms and conditions of this Agreement. Any interest earned on the Condominium Diligence Deposit shall be deemed added to and shall be deemed part of the Condominium Diligence Deposit.

30.3.1 Purchaser and Seller each agree to promptly and jointly engage the consultants referenced below (collectively, the "Consultants") which Consultants shall use their best efforts and engage such other professionals as they may reasonably require (the "Professionals") in order to (x) prepare plans and specifications required for creation of the Condominium and completion of the Condominium Governing Documents and to resolve all matters as specified on Schedule A attached hereto and made a part hereof (collectively, the "Condominium Engineering Issues") on or before the DAP Closing Date (the "Initial Completion Date") and (y) prepare a budget for the Condominium regarding capital expenses and costs in connection with the Common Elements (the "Condominium Common Budget") on or before the DAP Closing Date (the "Initial Budget Completion Date"). If Purchaser and Seller cannot, in good faith, agree on the resolution of any of the disputed Condominium Engineering Issues by the Initial Completion Date, then, within five (5) days after the Initial Completion Date, Purchaser and Seller shall, in good faith, select a consultant to serve as a dispute resolution consultant (the "Dispute Resolution Consultant"). If Purchaser and Seller cannot agree on the selection of a Dispute Resolution Consultant, than Purchaser and Seller each shall select and notify the other party within two (2) business days thereafter of the identity of a consultant (respectively, the "Purchaser's Engineering Selection Consultant" and "the "Seller's Engineering Selection Consultant") who shall use their best efforts to agree upon the selection of the Dispute Resolution Consultant. If Purchaser's Engineering Selection Consultant and Seller's Engineering Selection Consultant fail to agree upon the designation of the Dispute Resolution Consultant within three (3) business days thereafter, the Dispute Resolution Consultant shall be appointed by a Justice of the Supreme Court of the State of New York within ten (10) days thereafter. Upon the final designation of the Dispute Resolution Consultant, such disputed Condominium Engineering Issues and all documentation, plans, drawings and any other relevant materials in connection therewith together with proposals for the resolution thereof, one proposal as prepared by Purchaser and one proposal as prepared by Seller, shall be submitted the Dispute Resolution Consultant. The Dispute Resolution Consultant shall use best efforts to, no later than within thirty (30) days from the Initial Completion Date but in no event later than sixty (60) days from the Initial Completion Date, resolve the disputed Condominium Engineering Issues by choosing from the proposal submitted by Purchaser and the proposal submitted by Seller (the "Resolution Determination") and such Resolution Determination shall be binding upon Purchaser and Seller.

30.3.2 If Purchaser and Seller cannot, in good faith, agree on the Condominium Common Budget by the Initial Budget Completion Date, then, within five (5) days after the Initial Budget Completion Date, Purchaser and Seller shall in good faith select a consultant to serve as a budget dispute

resolution consultant (the "Budget Dispute Resolution Consultant"). If Purchaser and Seller cannot agree on the selection of a Budget Dispute Resolution Consultant, than Purchaser and Seller each shall select and notify the other party within two (2) business days thereafter of the identity of a consultant (respectively, the "Purchaser's Budget Selection Consultant" and "the "Seller's Budget Selection Consultant") who shall use their best efforts to agree upon the selection of the Budget Dispute Resolution Consultant. If Purchaser's Budget Selection Consultant and Seller's Budget Selection Consultant fail to agree upon the designation of the Budget Dispute Resolution Consultant within three (3) business days thereafter, the Dispute Resolution Consultant shall be appointed by a Justice of the Supreme Court of the State of New York within ten (10) days thereafter. Upon the final designation of the Budget Dispute Resolution Consultant, the Condominium Common Budget and all documentation, plans, drawings and any other relevant materials in connection therewith, together with proposals for the resolution of the dispute regarding the Condominium Common Budget, one proposal as prepared by Purchaser and one proposal as prepared by Seller, shall be submitted to the Budget Dispute Resolution Consultant. The Budget Dispute Resolution Consultant shall use best efforts to no later than with thirty (30) days from the Initial Budget Completion Date, but in no event later than sixty (60) days from the Initial Budget Completion Date, resolve any disputes in connection with the Condominium Common Budget by choosing from the proposal submitted by Purchaser and the proposal submitted by Seller (the "Budget Resolution Determination") and such Budget Resolution Determination shall be binding upon Purchaser and Seller.

30.3.3 Seller and Purchaser agree that the following entities shall be the Consultants for the following purposes in connection with the Condominium Engineering Issues and Condominium Common Budget: Robert Derector Associates shall be engaged for purposes of providing engineering consulting; Fifield Piaker & Associates Architects PC shall be engaged for purposes of providing architectural consulting; Solomon Engineering shall be engaged for purposes of providing structural and mechanical consulting; and Bone and Levine shall be engaged for purposes of providing Phase 3 Facade Work consulting, all such Consultants to be engaged in accordance with joint engagement letters which shall be subject to Seller's and Purchaser's mutual approval such approval not to be unreasonably withheld or delayed.

30.3.4 Escrow Agent shall promptly pay from the Condominium Diligence Deposit from time to time upon submission of invoices by the Consultants and Professionals and the joint written approval of such invoices by Seller and Purchaser, the fees incurred by the Consultants and the Professionals in connection with the work performed as specified in subsections 30.3.1, 30.3.2 and 30.3.3 above (the "Condominium Diligence Fees"). In the event the Condominium Diligence Deposit is insufficient to pay the Condominium Diligence Fees in full, Purchaser and Seller shall each deposit an additional $50,000.00 (the "Additional Diligence Deposit") with Escrow Agent within five (5) days after receipt of a notice from Escrow Agent of such insufficiency. Notwithstanding the foregoing, Purchaser and Seller shall be jointly responsible to pay any outstanding fees of the Consultants and Professionals in excess of the Additional Diligence Deposit except Seller and Purchaser acknowledge and agree that Seller shall bear and pay the fees and disbursements of Escrow Agent in connection with Escrow Agent's preparation and negotiation of the Condominium Governing Documents on behalf of Seller and Purchaser shall bear and pay the fees and disbursements of its own counsel in connection with its counsel's review and negotiation of the Condominium Governing Documents. In the event there are any funds remaining from the Condominium Diligence Deposit and/or the Additional Diligence Deposit after payment in full of the Condominium Diligence Fees, such remainder shall be paid by Escrow Agent one-half to Purchaser and one-half to Seller. Notwithstanding anything contained herein to the contrary, in the event of the termination of this Agreement, Seller shall be deemed the owner of all materials prepared by the Consultants and Professionals in connection herewith (collectively, the "Consulting Materials") and Purchaser shall deliver to Seller, upon the termination of this Agreement, all Consulting Materials in Purchaser's possession and shall direct any of the Consultants and Professionals to deliver any Consulting Materials, in such respective Consultants' or Professionals' possession, to Seller.

30.3.4.1 Notwithstanding anything contained herein to the contrary, if Escrow Agent shall have received at any time before actual disbursement of the Condominium Diligence Deposit, in whole or in part, a written notice signed by either Seller or Purchaser disputing entitlement to the Condominium Diligence Deposit, or shall otherwise believe in good faith at any time that a disagreement or dispute has arisen between the parties hereto over entitlement to the Condominium Diligence Deposit (whether or not litigation has been instituted), Escrow Agent shall have the right, upon written notice to both Seller and Purchaser, (a) to deposit the Condominium Diligence Deposit with the Clerk of the Court in which any litigation is pending and/or (b) to take such reasonable affirmative steps as it may, at its option, elect in order to terminate its duties as Escrow Agent,

including, without limitation, the depositing of the Condominium Diligence Deposit with a court of competent jurisdiction and the commencement of an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party, and thereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful misconduct. Escrow Agent is acting hereunder without charge as an accommodation to Purchaser and Seller, it being understood and agreed that Escrow Agent shall not be liable for any error in judgment or any act done or omitted by it in good faith or pursuant to court order, or for any mistake of fact or law. Escrow Agent shall not incur any liability in acting upon any document or instrument believed thereby to be genuine. Escrow Agent is hereby released and exculpated from all liability hereunder, except only for its willful misconduct or gross negligence. Escrow Agent may assume that any person purporting to give it any notice on behalf of any party has been authorized to do so. Escrow Agent shall not be liable for, and Purchaser and Seller hereby jointly and severally agree to indemnify Escrow Agent against, any loss, liability or expense, including reasonable attorney's fees (either paid to retained attorneys or representing the fair value of legal services rendered by Escrow Agent to itself), arising out of any dispute under this Agreement, including the cost and expense of defending itself against any claim arising hereunder. The provisions of the foregoing sentence shall survive the Closing. Notwithstanding anything to the contrary herein contained, Purchaser agrees that Escrow Agent may represent Seller as Seller's counsel in any action, suit or other proceeding between Seller and Purchaser or in which Seller and Purchaser may be involved.

30.3.5 Purchaser and Seller agree to consult from time to time with any prospective purchaser, lessee, manager, partner and/or investor of Unit 1 regarding the Condominium, including, without limitation, the terms of the Condominium Governing Documents and the Condominium Engineering Issues.

30.4 Purchaser agrees to make and/or to cause a related entity (collectively, the "Lender") to make to Seller an acquisition financing loan (the "Loan") in the amount of $15,500,000.00 which Loan shall be upon such terms and conditions as are mutually acceptable to Purchaser and Seller.

31. Amendment and Restatement.

This Agreement fully restates, amends and supersedes the Initial Agreement.

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

PURCHASER:

GREEN 17 BATTERY LLC
A NEW YORK LIMITED LIABILITY COMPANY

BY: /s/ Stephen L. Green
_____
NAME: STEPHEN L. GREEN
TITLE: MEMBER

SELLER:

17 BATTERY ASSOCIATES LLC,
A NEW YORK LIMITED LIABILITY COMPANY,

BY: 17 DIAMOND CORP.,
A NEW YORK CORPORATION,
MANAGER

BY: /s/ Allen Gross
_____
NAME: ALLEN GROSS
TITLE: PRESIDENT

LIST OF EXHIBITS/SCHEDULES

EXHIBITS
- --------

Exhibit A Description of Land

EXHIBIT 2.3

ASSIGNMENT AND ASSUMPTION OF CONTRACT

Agreement made as of this 3rd day of September, 1997, by and between Green 17 Battery LLC, a New York limited liability company having an address at 70 West 36th Street, New York, New York ("Assignor") and SL Green Operating Partnership, L.P., a Delaware limited partnership having an address at 70 West 36th Street, New York, New York ("Assignee").

RECITALS

Assignor is the contract vendee under that certain agreement of sale between Assignor, as purchaser, and 17 Battery Associates LLC, as seller, dated as of June 27, 1997, covering the property and interests more particularly therein (the "Contract").

Pursuant to the Option to Purchase dated as of July 25, 1997 (the "Option"), Assignor agreed, inter alia, to assign the Contract, to Assignee and Assignee agreed to assume Assignor's obligations thereunder and with respect thereof.

AGREEMENTS

In consideration of the promises and conditions contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns to Assignee, without warranty, representation or recourse, all of its right, title and interest in, to and under the Contract and to the Earnest Money Deposit (as defined therein).

2. Assignee hereby assumes the Contract and all of Assignor's obligations under the Contract and Assignee agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, damages, liabilities and expenses, including, without limitation, reasonable attorney's fees, imposed upon or incurred by Assignor by reason of Assignee's failure to perform the purchaser's obligations under the Contract arising from and after the date of this Agreement.

3. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors in interest and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

ASSIGNOR:

GREEN 17 BATTERY LLC, Seller

By: /s/ Stephen L. Green
Stephen L. Green
Member

ASSIGNEE:

SL GREEN OPERATING PARTNERSHIP, L.P.,
Purchaser

By: SL Green Realty Corp.,
its general partner

By: /s/ Stephen L. Green
Stephen L. Green
President

EXHIBIT 2.4

ASSIGNMENT AND ASSUMPTION OF AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, 17 Battery Associates LLC ("Assignor") hereby assigns to 17 Battery Upper Partners LLC ("Assignee") all of Assignor's right, title and interest in and to that certain Amended and Restated Agreement of Sale (the "Agreement"), dated as of June 27, 1997, between Assignor and Green 17 Battery LLC, and Assignee hereby assumes all of Assignor's obligations and liabilities under the Agreement.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of December 19, 1997.

17 BATTERY ASSOCIATES LLC,
a New York limited liability company

By: 17 Diamond Corp., its manager

By: /s/ Allen I. Gross
_____
Allen I. Gross
President

17 BATTERY UPPER PARTNERS LLC,
a New York limited liability company

By: 17 Battery Associates LLC,
its manager

By: 17 Diamond Corp., its manager

By: /s/ Allen I. Gross
_____
Allen I. Gross
President

EXHIBIT 2.5

ASSIGNMENT AND ASSUMPTION OF AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, Green 17 Battery LLC ("Assignor") hereby assigns to SLG 17 Battery LLC ("Assignee") all of Assignor's right, title and interest in and to that certain Amended and Restated Agreement of Sale (the "Agreement"), dated as of June 27, 1997, between Assignor and 17 Battery Associates LLC, and Assignee hereby assumes all of Assignor's obligations and liabilities under the Agreement.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of December 19, 1997.

GREEN 17 BATTERY LLC,
a New York limited liability company

By: /s/Benjamin P. Feldman
_____
Name: Benjamin P. Feldman

SLG 17 BATTERY LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
its sole member

By: SL Green Realty Corp.,
its general partner

By: /s/ Benjamin P. Feldman
_____
Benjamin P. Feldman
Executive Vice President

EXHIBIT 2.6

TENANCY IN COMMON AGREEMENT

THIS TENANCY IN COMMON AGREEMENT (the "Agreement") made as of this 19th day of December, 1997 between 17 BATTERY UPPER PARTNERS LLC, a New York limited liability company, having an address at c/o GFI Realty Services, Inc., 50 Broadway, New York, New York 10004 (hereinafter called "Upper") and SLG 17 BATTERY LLC, a New York limited liability company, having an office at c/o SL Green Realty, Inc., 70 West 36th Street, New York, New York 10018 (hereinafter called "Green") (Upper and Green are collectively hereinafter referred to as "Owners" and individually as an "Owner").

RECITALS

A. Upper and Green have, as of the date hereof, acquired pursuant to the Green Contract (as such term is hereinafter defined) as tenants in common from Downtown Acquisition Partners, L.P. ("DAP") an undivided interest (each, a "Tenancy Interest") in that certain lot, piece or parcel of land (the "Land"), located in the City, County and State of New York, as more particularly bounded and described in Exhibit A attached hereto made a part hereof, together with the Buildings erected thereon and any and all other fixtures and improvements erected thereon (the Buildings and such other fixtures and improvements being hereinafter collectively referred to as the "Improvements");

TOGETHER with all right, title and interest of DAP, if any, in and to (a) the land lying in the bed of any street, highway, road or avenue, opened or proposed, public or private, in front of or adjoining the Land, to the center line thereof, (b) any rights of way, appendages, appurtenances, easements, sidewalks, alleys, gores or strips of land adjoining or appurtenant to the Land and used in conjunction therewith and (c) any award or payment made or to be made in lieu of any of the foregoing for a taking of the Property (as hereinbelow defined) or any portion thereof and any unpaid award for damage to the Land or the Improvements by reason of change of grade or closing of any street, road or avenue;

TOGETHER ALSO with all right, title and interest of DAP, if any, in and to all fixtures, machinery, and equipment and other personal property (excluding furniture, furnishings, equipment and other personal property of space lessees of the Property) used in connection with or attached or appurtenant to or at or upon the Land and the Improvements at the date hereof, including, without limitation, such fire protection, heating, plumbing, electrical and air conditioning systems as now exist thereat. All of the above property, rights and interests to be sold pursuant to the DAP Contract (including, without limitation, the Land and the Improvements) are hereinafter sometimes collectively referred to as the "Property."

B. Pursuant to that certain Amended and Restated Agreement of Sale, dated as of June 27, 1997, (the "Green Contract"), between 17 Battery Associates LLC ("Associates"), predecessor in interest to Upper, and Green 17 Battery LLC ("Green Battery"), predecessor in interest to Green, the parties intend to convert the Property to condominium ownership pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York in accordance with
the "Condominium Documents" (as such term is hereinafter defined) and upon such conversion Green would own Units 2 and 3 and Upper would own Unit 1 (all such Units as described and defined in the Condominium Documents). The condominium would be known as "The 17 Battery Place Condominium" (the "Condominium").

C. In order to permit the closing with DAP and the closing under the Green Contract to occur contemporaneously therewith and prior to the conversion of the Property to condominium ownership, Upper and Green desire to enter into this Agreement to provide for, among other things, the continuous and orderly operation and maintenance of the Property prior to the conversion of the Property to condominium ownership and to set forth certain other terms and conditions with respect to their respective ownership of their Tenancy Interests in the Property.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Definitions.

1. "BY-LAWS" shall mean the by-laws of the Condominium in the form annexed to the Declaration as Schedule F, as amended from

time to time pursuant to the terms thereof and including the Rules and Regulations, subject to the modifications required or permitted under Section 22 of this Agreement.

2. "CONDOMINIUM DOCUMENTS" shall mean the Declaration, By-Laws, Rules and Regulations and Floor Plans of the Condominium, including the Exhibits thereto, as each may be amended from time to time in accordance with the terms of the Declaration.

3. "CONVERSION" shall mean the conversion of the Property to condominium ownership pursuant to Article 9-A of the New York State Real Property Law by Green and Upper in accordance with the terms of the No Action Application, the No Action Letter, this Agreement and the Green Contract.

4. "DECLARATION" shall mean the declaration to be executed by Upper and Green as the Declarant for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof and shall include any amendments duly adopted in accordance with Articles IX, XII, XIV and XIX of the Declaration, which shall be substantially in the form annexed hereto as Exhibit B, subject to the modifications required or permitted under Section 22 of this Agreement.

5. "EFFECTIVE DATE" shall mean the date upon which the following have occurred: the Condominium Documents have been filed with the applicable Governmental Authorities in accordance with the requirements of the Condominium Act and the No Action Letter has been issued by the New York State Department of Law in accordance with the No Action Application.

6. "FLOOR PLANS" shall mean the floor plans of the Building prepared by Fifield Piaker, Registered Architects and filed in the Office of the Register of the City of New York in New York County contemporaneously with the recording of the Declaration, as the same may be amended from time to time pursuant to the Declaration, which shall be substantially in the form annexed hereto as Exhibit C, subject to the modifications required or permitted under Section 22 of this Agreement.

7. "NO ACTION APPLICATION" shall mean all documents, schedules, exhibits and other instruments to be filed in connection with the application by Green and Upper to the New York State Department of Law requesting the issuance of a No Action Letter in connection with the Conversion.

8. "NO ACTION LETTER" shall mean a letter issued by the New York State Department of Law permitting the Conversion in accordance with the No Action Application without a formal offering plan under Article 23-A of the New York State General Business Law and the rules and regulations of the New York State Department of Law promulgated in connection therewith.

9. "OFFERING PLAN" shall mean any plan by Upper or its successors in interest to offer Subdivided One Units for sale pursuant to Article 23-A of the New York State General Business Law and the rules and regulations of the New York State Department of Law promulgated in connection therewith.

10. "RULES AND REGULATIONS" shall mean the rules and regulations of the Condominium annexed to the By-Laws as Schedule 1, as any of the same may be amended from time to time pursuant to the terms of the By-Laws, subject to the modifications permitted or required under Section 22 of this Agreement.

All other capitalized terms used herein and not defined herein shall have the meaning ascribed respectively thereto in the Declaration.

2. Formation.

(a) The parties hereby form a tenancy in common (the "Tenancy"). Upper shall have the exclusive right of use and enjoyment of Unit 1, subject to the easements and rights set forth in the Declaration, and Green shall have the exclusive right of use and enjoyment of Units 2 and 3, subject to the easements and rights set forth in the Declaration.

(b) The Tenancy shall be deemed to have commenced as of the date hereof and shall continue in full force and effect until the Effective Date.

3. Office.

The Tenancy shall have its principal office at c/o S.L. Green Management Corp., 70 West 36/th/ Street, New York, New York 10019.

4. Purpose.

The purpose and business of the Tenancy shall be to hold the Property for business and/or investment, to cause the creation of the Condominium, and to conduct such other activities as may be necessary or appropriate in connection with the foregoing.

5. Partition.

Notwithstanding any default under this Agreement, and except as otherwise provided in Section 10 and Section 11 herein, neither Owner shall be entitled under any circumstances to seek partition of the Property and, on behalf of themselves, their legal representatives, heirs, successors and assigns, each Owner hereby expressly renounces, waives and forfeits all rights whether arising under contract, statute or by operation of law, to seek, bring or maintain any action for partition pertaining to the Property.

6. Managing Agent/Leasing Agent.

(a) The Tenancy shall retain S.L. Green Management Corp. (the "Managing Agent") and S.L. Green Leasing, Inc. (the "Leasing Agent") (or such affiliates thereof as may be designated by the Managing Agent and/or the Leasing Agent) to manage and lease the Property pursuant to an agreement dated as of the date hereof (the "Management Agreement"). All references in the Management Agreement to Owner shall be deemed references only to the affected Owner(s) (i.e. Green with respect to Units 2 & 3 and Upper with respect to Unit 1). All employees at the Property during the term hereof shall be the employees of the Tenancy. All leases entered into by the Tenancy from and after the date hereof until the Effective Date (the "Tenancy Leases") shall contain the provisions set forth in Exhibit D-1 annexed hereto and made a part hereof. No Tenancy Lease shall be entered into demising premises which include space in Unit 1 without Upper's consent, in its sole discretion. No Tenancy Lease shall be entered into demising premises which include space in Unit 2 and/or Unit 3 without Green's consent in its sole discretion. Upper, in its sole discretion, may enter into any Tenancy Lease demising premises for space exclusively located within Unit 1 without Green's consent provided, in each case, such Tenancy Lease contains the provisions set forth in Exhibit D-1 and otherwise complies with the terms of this Agreement. Green, in its sole discretion, may enter into any Tenancy Lease demising premises for space exclusively located within Unit 2 and/or Unit 3 without Upper's consent provided, in each case, such Tenancy Lease contains the provisions set forth in Exhibit D-1 and otherwise complies with the terms of this Agreement. Notwithstanding the foregoing, if requested, Upper shall consent in writing to any Tenancy Lease demising space solely within Unit 2 and/or Unit 3 which Green desires to enter into, and Green shall consent in writing to any Tenancy Lease demising space solely within Unit 1 which Upper desires to enter into, provided, in each case, such Tenancy Lease contains the provisions set forth in Exhibit D-1 and otherwise complies with the terms of this Agreement. Green shall indemnify and hold Upper harmless from and against any and all Claims with respect to any Tenancy Leases demising premises in the areas of the Property which shall constitute Units 2 and 3 upon Conversion. Upper shall indemnify and hold Green harmless from and against any and all Claims with respect to any Tenancy Leases demising premises in the areas of the Property which shall constitute Unit 1 upon Conversion. Without limiting the generality of the definition of Claims set forth in the Declaration, the foregoing indemnifications of Green and Upper shall include any Claims arising out of a breach of the provisions of this subsection 6(a). The provisions of Article XXV of the Declaration shall apply to the indemnities given by the parties pursuant to this subsection 6(a), and the indemnification provisions of this subsection 6(a) shall survive the termination of the Tenancy and shall constitute an agreement between Green and Upper as Unit Owners from and after the Effective Date.

(b) On the Effective Date, Upper and Green shall execute and deliver: (i) a Confirmatory Assignment and Assumption of Tenant Leases substantially in the form annexed hereto as Exhibit E (an "Assignment") confirming the assignment to Upper of all of Green's right, title and interest as landlord with Upper in the Tenancy Leases affecting Unit 1 and the assumption by Upper of all obligations of landlord thereunder and (ii) an Assignment confirming the assignment to Green of all of Upper's right, title and interest as landlord with Green in the Tenancy Leases affecting Units 2

and 3 or any parts thereof and the assumption of all obligations of landlord thereunder by Green.

(c) With respect to any Tenancy Lease (or amendment of existing lease) with a Relocated Tenant, Upper shall have no obligation to contribute toward the brokerage commission, if any, payable to Leasing Agent.

7. Allocation of Property Income.

Associates acknowledges and agrees that, as a consequence of owning its Tenancy Interest, it is entitled to all of the rents, issues and profits of Unit 1 and none of the rents, issues and profits of Units 2 or 3. Green acknowledges and agrees that, as a consequence of owning its Tenancy Interest, it is entitled to all of the rents, issues and profits of Units 2 and 3, and none of the rents, issues and profits of Unit 1. Each Owner agrees that, to the extent it (the "Excess Owner") receives a portion of such rents, issues and profits in excess of the amount it is entitled to receive (the "Excess") and the other Owner (the "Deficiency Owner") has received less than the portion of such rents, issues and profits that it is entitled to receive, then, unless otherwise required by this Agreement, the Excess Owner shall hold the Excess in trust for the Deficiency Owner and shall pay or cause to be paid such amount to the Deficiency Owner within five (5) business days of receipt thereof.

8. Responsibility for Property Expenses.

(a) Each Owner agrees to pay or cause to be paid, unless otherwise expressly provided for herein, its share of all real estate taxes due with respect to the Property, (ii) all utilities, insurance and maintenance due with respect to the Property, and all other charges, assessments and expenses of the Property, in each case in accordance with the budget for the Property attached hereto and made a part hereof as Exhibit H (the "Initial TIC Budget"). The Initial TIC Budget shall be in effect for the twelve (12) month period commencing on the date hereof (the "Initial TIC Budget Year"). In the event the Condominium is not created and the Budget, as defined in the Declaration, is not effective prior to the end of the Initial TIC Budget Year, the provisions of Article V, Section 1 of Schedule G of the Declaration shall govern the Tenancy regarding the establishment of budgets for the Property subsequent to the Initial TIC Budget as if the Declaration was in full force and effect and the Owners owned the Units as contemplated in the Green Contract and Declaration.

(b) If an Owner (the "Non-Paying Owner") shall fail for any reason to make any payment required pursuant to Section 8(a) above on the date due and such amount remains unpaid for ten (10) days after written notice of such failure, the other Owner (the "Paying Owner") may make all or part of such payment on behalf of the Non-Paying Owner which payment shall be deemed to be a loan by such Paying Owner to the Non-Paying Owner (the unpaid principal amount of such loan plus any and all unpaid interest accrued thereon and any other amounts deemed to be included in the term Shortfall Loan (as hereinafter defined) pursuant to the terms of this Agreement are hereinafter collectively referred to as the "Shortfall Loan").

(c) The Shortfall Loan shall bear interest at a rate equal to five percent (5%) per annum above the Prime Rate (as hereinafter defined) from time to time in effect or, if lower, the maximum rate permitted by applicable law, and shall be payable as provided in this Section 8(c) and Section 8(d) below and if not prepaid sooner shall be paid upon the termination of this Agreement. Such Shortfall Loan shall be payable on demand of the Paying Owner. The term "Prime Rate" shall mean the rate of interest announced publicly by Citibank N.A. (or its successor) in New York City, from time to time as its prime or base rate, which may not be its lowest rate of interest charged.

At the request of the Paying Owner, the Non-Paying Owner shall in confirmation of a Shortfall Loan, deliver to the Paying Owner (1) a duly executed note evidencing its obligations under the Shortfall Loan, (2) a duly executed and acknowledged mortgage securing the aforesaid note in form reasonable satisfactory to the Paying Owner, and which upon recordation shall be lien upon the Non-Paying Owner's interest in the Property, (3) such other documents and instruments necessary to record such mortgage and (4) such amounts as may be necessary to effect such recordation, including all mortgage recording taxes; provided that in the event the Non-Paying Owner fails to pay any or all of such amount, the Paying Owner may, in its sole discretion, pay such amount and such amount shall be deemed to be added to such Shortfall Loan from the Paying Owner to the Non-Paying Owner; and provided further that the failure by the Non-Paying Owner to execute and/or deliver any such documents shall not diminish the Paying Owner's rights or the Non-Paying Owner's obligations hereunder. In addition to and not in

limitation of the foregoing, (A) the Non-Paying Owner shall take all actions and deliver all such further documents as shall be necessary to enable the Paying Owner to record such mortgage and to exercise all its rights hereunder and (B) the Non-Paying Owner shall pay all expenses incurred in relation to the establishment, preservation and enforcement of the Paying Owner's rights hereunder (including reasonable attorneys' fees) and the amount of such expenses shall be deemed to be an additional Shortfall Loan from the Paying Owner to the Non-Paying Owner.

Each Owner hereby appoints the other Owner, with full powers of substitution, as its true and lawful attorney-in-fact with full, irrevocable power and authority in such Owner's name, from time to time and at any time until the payment in full of all Shortfall Loans made to such Owner to make, execute, acknowledge, deliver, file and record such note, mortgage and other documents and instruments referred to above and to take any other or further action which the attorney-in-fact shall consider necessary or desirable in connection therewith. This power-of-attorney is coupled with an interest and shall be irrevocable and shall be binding upon all successors and assigns of such Owner until all such Shortfall Loans have been paid in full by such Owner.

Any lien arising hereunder or pursuant hereto in favor of a Paying Owner shall be superior to any other lien hereafter arising on any interest of the Non-Paying Owner in the Property. Each Owner agrees that any mortgage or other security document hereafter entered into by such Owner with respect to any of its interests in the Property shall expressly provide that the lien thereunder is subordinate to any lien arising hereunder or pursuant hereto in favor of the Paying Owner.

The Paying Owner making a Shortfall Loan shall look only to the Non-Paying Owner's interest in the Property for satisfaction of the obligations of the Non-Paying Owner with respect to any and all Shortfall Loans made to it in the event of any default by the Non-Paying Owner in the payment thereof and no other property or assets of the Non-Paying Owner or its members, shareholders or partners, as the case may be, or its affiliates, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Non-Paying Owner's obligations with respect to any Shortfall Loans.

(d) Until the Shortfall Loan shall be paid in full, any and all payments that otherwise would be payable to the Non-Paying Owner with respect to its Tenancy Interest shall be made to the Paying Owner to be applied to the payment of the Shortfall Loan, first to accrued and unpaid interest thereon and second to the payment of the outstanding principal amount of the Shortfall Loan until the Shortfall Loan and interest thereon has been paid in full.

9. Insurance.

The Owners shall jointly keep or cause to be kept the Property insured substantially in accordance with the insurance guidelines set forth on Exhibit O attached hereto and made a part hereof. The policies required to be furnished pursuant to this Section 9 may be maintained by the Managing Agent upon the Owners' behalf under a blanket policy or policies; provided, however, that the minimum amount of the total insurance afforded by such blanket policy which shall be allocable to the Property and any Work to be performed thereon and any sublimits of such policy allocable to the Property shall be in amounts which shall not be less than the amounts of the insurance required in Exhibit O and the protection afforded under such policy shall be not less than which would have been afforded under a separate policy or policies, and the certificate evidencing such insurance shall contain provisions confirming the foregoing.

10. Repairs After Fire or Other Casualty.

(a) In the event of damage to or destruction of the Property as a result of fire or other casualty (a "Casualty"), except as provided to the contrary in subsection 10(b), the Tenancy shall arrange for Repairs to be made promptly to the Property. All proceeds of the applicable insurance policies payable to the Tenancy shall be paid to the Insurance Trustee (as such term is defined in the Declaration) and shall be disbursed by the Insurance Trustee in accordance with the provisions of this Section 10. If the Casualty affects only that part of the Property which would be contained wholly within a Unit upon Conversion (a "Future Unit"), then (i) the adjustment of the proceeds shall be determined by the Owner who will be the Unit Owner of such Unit upon Conversion (the "Future Unit Owner"); (ii) the proceeds shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by the Future Unit Owner of the affected Future Unit in appropriate progress

payments; and (iii) the cost of such Repairs in excess of such proceeds shall be paid by the Future Unit Owner of the affected Future Unit. If the Casualty affects only the North Building, then (A) the adjustment of the proceeds shall be determined by Green; (B) the proceeds shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by Green in appropriate progress payments; and (C) the cost of such Repairs in excess of such proceeds shall be paid by Green. If the Casualty affects both Buildings or those parts of the Property which would be General Common Elements or South Building Limited Common Elements upon Conversion, then: (w) the proceeds shall be adjusted by mutual agreement of Upper and Green and allocated between the Buildings pro rata in proportion to the cost of Repairs to each Building; (x) the proceeds shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by the Owners in appropriate progress payments; (y) the cost of Repairs to each Building in excess of such proceeds allocated to such Building shall be paid by the Owners as follows: (1) with respect to Repairs to a Future Unit, by the Future Unit Owner of such Future Unit; (2) with respect to Repairs to those portions of the Property which will be South Building Limited Common Elements upon Conversion, by the Owners in equal shares; and (3) with respect to those portions of the Property which will be General Common Elements upon Conversion, pro rata in the same proportion as the Common Interests appurtenant to their respective Future Units as set forth on Schedule B of the Declaration bears to 100%. Any proceeds exceeding the costs of Repairs shall be divided between the Owners in the same proportion as the Common Interests appurtenant to their respective Future Units bears to 100%, and the portions of such net proceeds as so divided shall be paid to each Owner after first paying to any mortgagees of the Property and any other holders of liens against the Property out of each Owner's share, the amount of any unpaid liens for which such Owner is responsible, in the order of their priority.

(b) If seventy-five (75%) percent or more of the Property is destroyed or substantially damaged and, within sixty (60) days after the date of such Casualty, the Owners do not jointly agree to proceed to make the Repairs described in subsection 10(a), then the Property shall be subject to an action for partition at the suit of either Owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided between the Owners in proportion to the respective Common Interests of their Future Units and the portions of such proceeds as so divided shall be paid to each of the Owners after first paying to any mortgagees of the Property and any other holders of liens against the Property out of each Owner's share, the amount of any unpaid liens for which such Owner is responsible, in the order of priority of such liens.

11. Eminent Domain.

(a) In the event of a taking in condemnation or by eminent domain of part or all of the Property (the "TAKING"), then, except as provided to the contrary in subsection 11(b), the Tenancy shall arrange for Repairs to be made promptly to the affected parts of the Property. The proceeds of any award payable to the Tenancy in connection with a Taking shall be paid to the Insurance Trustee and shall be disbursed by the Insurance Trustee in accordance with the provisions of this Section 11. If the Taking affects only a Future Unit, then (i) any settlement or adjustment of the award shall be determined by the Future Unit Owner of the affected Future Unit; (ii) the net award shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by the Future Unit Owner of the affected Future Unit in appropriate progress payments; and (iii) the cost of such Repairs in excess of such net award shall be paid by the Future Unit Owner of the affected Future Unit. If the Taking affects only the North Building, then (A) the adjustment of the award shall be determined by Green; (B) the net award shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by Green in appropriate progress payments; and (C) the cost of such Repairs in excess of such net award shall be paid by Green. If the Taking affects both Buildings or those parts of the Property which would be General Common Elements or South Building Limited Common Elements upon Conversion, then: (w) the award shall be adjusted by mutual agreement of Upper and Green and allocated between the Buildings pro rata in proportion to the cost of Repairs to each Building; (x) the net award shall be disbursed by the Insurance Trustee to the contractors engaged in making such Repairs to pay for the cost thereof as directed by the Owners in appropriate progress payments; (y) the cost of Repairs to each Building in excess of such net award allocated to such Building shall be paid by the Owners as follows: (1) with respect to Repairs to a Future Unit, by the Future Unit Owner of such Future Units; (2) with respect to Repairs to those portions of the Property which will be South Building Limited Common Elements upon Conversion, by the Owners in equal shares; and (3) with respect to those portions of the Property which will be General Common Elements upon Conversion, pro rata in the same proportion as the Common Interests

appurtenant to their respective Future Units as set forth on Schedule B of the Declaration bears to 100%. Any proceeds exceeding the cost of such Repairs shall be divided between the Owners in accordance with the Common Interests appurtenant to their respective Future Units basis to 100% and the portions of such net award as so divided shall be paid to each of the Owners after first paying any mortgagees of the Property and any other holders of liens against the Property out of each Owner's share, the amount of any unpaid liens for which such Owner is responsible, in the order of their priority.

(b) If the Taking affects seventy-five (75%) percent or more of the Property and, within sixty (60) days after the date of such Taking the Owners do not jointly agree to proceed to make the Repairs described in subsection 11(a), then the Property shall be subject to an action for partition at the suit of either Owner, in which event the net proceeds of sale, together with the net proceeds of any awards, shall be divided between the Owners in proportion to the respective Common Interests of their Future Units and the portions of such proceeds as so divided shall be paid to each of the Owners after first paying to any mortgagees of the Property and any other holders of liens against the Property out of each Owner's share, the amount of any unpaid liens for which such Owner is responsible, in the order of priority of such liens.

(c) In the event of a Taking in which there is a disproportionate taking of the space of each Future Unit so that any one Future Unit is left with proportionately less space compared to the other Units than was the case prior to any taking, then the Common Interests of the Unit Owners pursuant to the Declaration shall be reallocated by the Tenancy based on the floor space of each Unit after such taking, the location of such floor space, and the additional factors listed in Article VI of the Declaration as applied based on conditions after such Taking.

12. Decisions.

Except as specifically delegated to the Managing Agent or as otherwise set forth in the Budget or herein, all decisions regarding the Property shall be made jointly by the Owners. Notwithstanding the foregoing, each Owner shall have the sole right to make decisions with respect to its Tenancy Interest, including a sale and/or financing thereof (subject to the terms hereof), and with respect to the Units as if the Declaration was in full force and effect and the Owners owned the Units as contemplated in the Green Contract and Declaration. Any dispute, controversy or decision that the Owners are unable to resolve or make may be submitted to arbitration at the election of either Owner provided such dispute, controversy or decision is of the nature that would permit a Unit Owner under the Declaration to submit such dispute, controversy or decision to arbitration in accordance with the Declaration and, upon such election, Article XII of Schedule G to the Declaration shall govern the dispute and/or decision resolution process in that instance.

13. Service Entrances.

Notwithstanding anything contained herein or in the Declaration to the contrary, Upper shall use diligent and reasonable commercial efforts to obtain governmental approval ("Governmental Approval") for, and cause the construction of, at its sole cost and expense, a new service entrance for Units 2 and 3 (the "New Service Entrance") intended to be located at the existing abandoned service entrance on the West Street side of the Building as shown on the Floor Plans. The plans and specifications for the New Service Entrance shall be subject to Green's approval which approval shall not be unreasonably withheld or delayed. In the event that Upper is unable to obtain Governmental Approval for the New Service Entrance in the location as described above, Upper shall have the right to relocate the New Service Entrance to another location, subject to Green's approval which approval shall not be unreasonably withheld or delayed. In the event Upper is unable to obtain Government Approval for the creation of a New Service Entrance at the Property and at all times prior to the obtaining of same, the parties shall, in good faith, make arrangements for the continued and mutual use of the existing service entrance located in the North Building as shown on the Floor Plans (the "Existing Service Entrance"). Upon completion of the New Service Entrance and the receipt of all applicable governmental approvals, if any, the use of and obligations in connection with the New Service Entrance and the Existing Service Entrance shall be governed by the applicable provisions of the Declaration. The provisions of this Article 13 shall survive the termination of the Tenancy and shall constitute an agreement between the parties hereto as Unit Owners from and after the Effective Date.

14. Certificate of Occupancy

During the Tenancy, Upper may, but shall not be obligated to, apply for an amendment to the existing Certificate of Occupancy (the "CO Amendment"), for the Buildings for a change in use for the portion of the Building intended to be Unit 1 of the Condominium but such issuance of the CO Amendment shall be conditioned upon, and shall not be effective until, the Building Systems Equipment has been separated and/or replacement equipment is operative such that Unit 1 is no longer serviced by, or reliant upon, the Building Systems Equipment servicing Unit 2 and/or Unit 3 except as otherwise may be required by Applicable Law. Notwithstanding the foregoing in the event any Work is performed by or on behalf of Upper or Green, as the case may be, requiring Upgrade Work, then the provisions of Article XII, Section C(3) of the Declaration shall govern the Tenancy as if the Declaration was in full force and effect and the Owners owned the Units as contemplated in the Green Contract and Declaration.

15. Relocation Space; Sandwich Lease Space; Lobby Mezzanine Space.

(a) Until December 31, 1998, Green shall cause 153,000 square feet of the leaseable space contained within Units 2 and 3 (the "Relocation Space") to remain vacant and free and clear of any leases, tenancies or other occupancies for the purposes of making such Relocation Space available to any tenants of Unit 1 (collectively, the "Relocated Tenant") wishing to relocate within Unit 2 and/or Unit 3, upon such terms and conditions which are not less favorable to the landlord than the terms set forth in the leasing guidelines annexed hereto and made a part hereof as Exhibit F (the "Guidelines"). Upon request by either of the parties hereto, the parties shall, in good faith, designate the exact location of the Relocation Space. Notwithstanding the foregoing, in the event the Guidelines are not met for any proposed Relocated Tenant but Upper nevertheless desires to have such proposed Relocated Tenant relocate to Unit 2 and/or Unit 3, such Guidelines shall be deemed to have been met for such proposed Relocated Tenant if Upper shall pay to Green, upon the actual relocation from Unit 1 to Unit 2 or Unit 3 of such Relocated Tenant, a sum equal to the present value (using an interest rate of eight (8%) percent per annum) of the amount required so that when such amount is considered in the aggregate with the other economic terms applicable to the relocation agreement with such Relocated Tenant, the Guidelines shall have been met. Notwithstanding anything contained herein to the contrary, the Relocation Space shall be reduced by the respective leaseable square footage amounts of the Relocated Tenant's leased space in Unit 1 upon the relocation and/or vacation by any such Relocated Tenant of its leased space in Unit 1.

(b) Reference is made to the lease described in item 49 of Exhibit B to the Green Contract (the "Marine Lease"). Notwithstanding anything contained herein to the contrary, during the Tenancy all rental income from the Marine Lease shall belong exclusively to Green. Green shall have the right, on behalf of the Tenancy, to amend the Marine Lease to provide for the relocation of the tenant thereunder from the ground floor portion of Unit 1 (the "Current Marine Space") to the ground floor or any other portion of Unit 2 (the "Marine Relocation") at Green's sole cost and expense and upon such terms that are acceptable to Green in its sole discretion. Notwithstanding the foregoing, Upper may terminate the Marine Lease at any time prior to the Marine Relocation provided the rental due for the remaining term thereof is paid to Green. In the event the Marine Relocation has not been effectuated at the time of the creation of the Condominium, Upper shall cause the Initial Unit 1 Owner to lease to the Initial Unit 2 Owner (the "Interim Marine Lease") the Current Marine Space for a rental of $1.00 per annum and for a term that shall be coterminous with the date that the tenant under the Marine Lease shall surrender the Current Marine Space and/or with the date that the Marine Lease is terminated, whichever is earlier, and upon such other terms and conditions as are agreed to by the Initial Unit 1 Owner and the Initial Unit 2 Owner, it being the intention that the Initial Unit 2 Owner shall receive all the income from and be responsible for all the expenses related to the Current Marine Space for the term of the Interim Marine Lease.

(c) Reference is made to the second lease described in item 16 of Exhibit B to the Green Contract (the "DOP Space Lease") which DOP Space Lease demises, in part, a portion of the basement in Unit 1 to the tenant ("DOP") thereunder (the "DOP Basement Space"). Notwithstanding anything contained herein to the contrary, during the Tenancy and prior to DOP's vacancy of the DOP Basement Space all rental income from the DOP Space Lease as applicable to the DOP Basement Space shall belong exclusively to Green. Green shall use best efforts to promptly cause DOP to vacate the DOP Basement Space (the date that DOP vacates the DOP Basement Space is hereinafter referred to as the "DOP Vacate Date") and to deliver such vacant DOP Basement Space to Upper or its designee upon such vacancy (the DOP Vacancy"); provided, however, that Green shall have no obligation to pay any money to any party in connection therewith or to enter into a lease with DOP for any Relocation Space that does not meet the Guidelines. In the event the DOP Vacate Date has not

occurred on or prior to January 1, 1999, Green covenants and agrees that any lease with DOP at the Property shall not be amended or modified without Upper's consent, which consent may be withheld for any reason or no reason in Upper's sole discretion, unless such amendment or modification is conditioned upon the contemporaneous occurrence of the DOP Vacancy and delivery of the vacant DOP Basement Space to Upper or its designee. Notwithstanding anything contained herein to the contrary all fees and expenses in connection with the DOP Vacancy shall be borne by Upper. In the event the DOP Vacancy has not been effectuated at the time of the creation of the Condominium, Upper shall cause the Initial Unit 1 Owner to lease to the Initial Unit 2 Owner (the "Interim DOP Lease") the DOP Basement Space for a rental of $1.00 per annum and for a term that will be coterminous with the date that DOP shall surrender the DOP Basement Space and/or with the date that the DOP Basement Lease is terminated, whichever is earlier, and upon such other terms and conditions as are agreed to by the Initial Unit 1 Owner and the Initial Unit 2 Owner it being the intention that the Initial Unit 2 Owner shall receive all the income from and pay all the expenses related to the DOP Basement Space for the term of the Interim DOP Lease.

(d) Reference is made to the lease described in item 80 of Exhibit B to the Green Contract (the "STC Space Lease") which STC Space Lease demises, in part, the entire mezzanine level of the South Building to the tenant ("STC") thereunder (the "STC Mezzanine Space"). Green shall use best efforts to promptly cause STC to vacate the STC Mezzanine Space; provided, however, that Green shall have no obligation to pay any money to any party in connection therewith or to enter into a lease with STC for any Relocation Space that does not meet the Guidelines.

(e) The provisions of Article 15 shall survive the termination of the Tenancy and shall constitute an agreement between the parties hereto as Unit Owners from and after the Effective Date.

16. Events of Default and Remedies.

(a) Each of the following shall constitute an Event of Default under this Agreement:

(i) if an Owner shall Transfer any portion of its Tenancy Interest other than in accordance with the terms of this Agreement;

(ii) if a Non-Paying Owner shall fail to pay when due any principal of or interest on any Shortfall Loan or any other amounts owed with respect thereto or shall fail to deliver any note, mortgage or other document or instrument set forth in Section 8(c) above, and such failure shall have continued for five (5) days after written notice from the Paying Owner setting forth in sufficient detail the terms of such failure; and

(iii) if an Owner shall breach any other covenant or agreement of such Owner set forth in this Agreement, provided such breach was
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not caused by any act or omission of the other Owner and such breach shall have continued for thirty (30) days after written notice from the other Owner setting forth in sufficient detail the terms of such breach.

(b) If any Event of Default shall occur and be continuing, the Owner not in default under Section 16(a) above (the "Non-Breaching Owner") may send written notice to the Owner in default under Section 16(a) (the "Breaching Owner"), which notice shall state that effective upon the receipt of such notice the terms of this Section 16(b) shall be applicable. Upon the receipt of such notice, and while such default is continuing, the Breaching Owner shall no longer be entitled to participate in any decisions with respect to the management and control of the Common Elements of the Property.

(c) If any Event of Default shall occur and be continuing, the Non-Breaching Owner may enforce its rights by suit in equity, by action at law, or by any other appropriate proceedings, whether for damages, specific performance of any covenant or agreement contained in this Agreement or in the aid of the exercise of any power granted in this Agreement.

(d) No right or remedy conferred upon or reserved to any Owner under this Agreement is intended to be exclusive (except as specifically set forth in this Agreement) of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing under applicable law. In the event of a breach or threatened breach by any Owner of its obligations hereunder, the other Owner shall also have the right of injunction. Every right and remedy given by this Agreement or by applicable law to an Owner may be exercised from time to time and as often as may be deemed expedient by such Owner.

17. Memorandum of Agreement.

The Owners shall promptly execute, acknowledge and deliver to the other a memorandum of agreement in respect of this Agreement and a memorandum of amendment to agreement, in respect to any amendment, modification or supplement of this Agreement, in each case sufficient for recording and (b) any other instrument(s) necessary to the effective recordation of such memorandum of agreement or memorandum of amendment to agreement, as the case may be. Upper shall pay twenty (20%) percent and Green shall pay eighty (80%) percent of all costs, taxes and/or other expenses necessary for the effective recordation of such memorandum (exclusive of the other Owner's legal fees and disbursements). Upon the termination of this Agreement, each Owner agrees promptly to execute, acknowledge and deliver to the other Owner all necessary instruments in recordable form evidencing a termination of this Agreement and sufficient to discharge any memorandum hereof of record and Upper shall pay twenty (20%) percent and Green shall pay eighty (80%) percent of all costs, taxes and/or expenses necessary to the effective recordation of such instruments (exclusive of the legal fees and disbursements of the other Owner).

18. Nature of Relationship.

Neither this Agreement nor the co-tenancy with respect to the Property shall constitute the Owners partners or joint venturers with respect to their respective Tenancy Interests or the Property and the Owners confirm that they will treat themselves as tenants in common with respect to their collective ownership of the Property for federal, state and local tax purposes. This Agreement shall not constitute any Owner the agent of the other Owner except as herein expressly provided, nor in any manner limit the Owners in carrying on their respective separate businesses or activities, nor impose upon any Owner any fiduciary duty by reason of its carrying on its separate business or activity, nor impose upon any Owner any liability or obligation except as herein expressly provided. No Owner shall be liable for any of the debts of the other Owner.

19. Transfer of Interest.

(a) Except for a transfer by Upper to The Ritz-Carlton Hotel Company, L.L.C. or to a hotel operator of comparable quality, each Owner agrees not to sell or otherwise dispose of its Tenancy Interest in the Property, or any part thereof, either directly or indirectly (a "Transfer"), unless such transfer is to an affiliated entity. For purposes hereof an affiliated entity (x) of Green shall mean any entity that would constitute a permitted assignee of Green Battery under the Green Contract and (y) of Upper shall mean any entity that Allen Gross has majority control of.

(b) A collateral assignment or mortgaging of a Tenancy Interest and/or the exercise of any remedies thereunder shall not be deemed a Transfer.

20. Notices.

All notices, demands, requests, consents, approvals or other communications (collectively referred to as "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement, in order to constitute effective notice to the other party, shall be in writing and shall be deemed to have been given when (a) personally delivered with signed delivery receipt obtained, (b) when transmitted by facsimile machine, if followed by giving of, pursuant to one of the other means set forth in this Section 20 before the end of the first business day thereafter, printed confirmation of successful transmission to the appropriate facsimile number of the address listed below as obtained by the sender from the sender's facsimile machine, (c) upon receipt, when sent by prepaid reputable overnight courier or if sent postage prepaid by registered or certified mail, return receipt requested, in each case addressed as follows:

If to Green, to:

SLG 17 Battery LLC
c/o SL Green Realty Corp.
70 West 36/th/ Street
New York, New York 10018
Attention: Benjamin P. Feldman, Esq.
Telecopier: (212) 594-2262

With a copy to:

Robinson Silverman Pearce Aronsohn & Berman LLP
1290 Avenue of the Americas
New York, New York 10104
Attention: Jonathan S. Margolis, Esq.
Telecopier: (212) 541-1355

If to Upper, to:

17 Battery Upper Partners LLC
c/o GFI Realty Services, Inc.
50 Broadway
New York, New York 10004
Attention: Allen I. Gross
Telecopier: (212) 668-1655

With copies to:

Greenberg, Traurig, Hoffman, Lipoff,
Rosen & Quentel
200 Park Avenue
New York, New York 10166
Attention: Robert J. Ivanhoe, Esq.
Telecopier: (212) 223-7161

and

SL Green Operating Partnership, L.P.
70 West 36th Street
New York, New York 10018
Attention: Benjamin P. Feldman, Esq.

Notices shall be valid only if served in the manner provided above. An attorney for a party may give any Notices on behalf of such party.

21. Tax Proceedings.

Subject to DAP's rights under the DAP Contract, the Owners shall hire Apcon Company as the Property's tax certiorari consultant to obtain a reduction in the assessed valuation of the Property, the expenses for which shall be paid in accordance with the payment of real estate taxes as set forth in the Initial TIC Budget. During the Tenancy, Green shall control the prosecution of any tax appeal, subject to Upper's approval which approval shall not be unreasonably withheld or delayed. Upon the creation of the Condominium, the applicable provisions of the Declaration shall govern the Unit Owners' rights with regard to the pursuit of any tax appeals affecting the Units. The Owners agree to cooperate in good faith in order to obtain any available tax benefits applicable to the Property including, without limitation, qualifying Unit 1 for benefits under the Industrial and Commercial Incentive Program, City of New York Administrative Code, Title II, Chapter 2, Part 4 and/or for any applicable federal historic tax credits. The provisions of this Section 21 shall survive the termination of the tenancy and shall constitute an agreement between Green and Upper as Unit Owners from and after the Effective Date.

22. Condominium Conversion and Termination of Tenancy.

(a) The Owners shall cooperate in good faith and diligently and continuously pursue and use reasonable efforts to promptly cause the Property to be converted to condominium ownership, including without limitation: (i) the filing of the No Action Application with the New York State Department of Law and issuance of the No Action Letter; (ii) applying for and obtaining from applicable Governmental Authorities separate tax lots for each condominium unit; (iii) the filing of the Condominium Documents with the applicable Governmental Authorities promptly after same have been finalized as set forth in the next succeeding sentence; and (iv) the taking of such other actions as may be required by Applicable Law. The Owners acknowledge and agree that certain items in the Condominium Documents remain to be agreed upon as set forth in Exhibit P annexed hereto and made a part hereof. The Owners shall negotiate diligently and in good faith and on a reasonably continuous basis to resolve these issues and expeditiously as possible. Green acknowledges and agrees that Upper may, in its sole discretion and at Upper's sole expense, reserve the right in the No Action Application to subdivide Unit 1 and offer the Subdivided One Units for sale pursuant to an Offering Plan. The foregoing right shall be in addition to and not in limitation of any other rights of Upper to subdivide, transfer or convey all or any part of its Unit pursuant to the Condominium Documents or law. Each Owner agrees that it shall not unreasonably withhold its consent to any changes to the No Action Application or the Condominium Documents which may be required or

requested by any Governmental Authority in connection with the Conversion.

(b) On the Effective Date, upon request of Upper and/or Green, as the case may be, the Tenancy as the Declarant under the Declaration, shall cause a confirmatory Unit Deed to Unit 1 to be delivered to Upper, or its designee, and confirmatory Unit Deeds to Unit 2 and Unit 3, respectively, to be delivered to Green, or its designee(s), together with such other documents and instruments necessary to record such confirmatory Unit Deeds and to minimize any New York City and New York State transfer taxes in connection therewith. Such confirmatory Unit Deeds shall inter alia reflect the grant, effective as of the date hereof, of Development Rights under the Declaration in accordance with Article XXVI of the Declaration. Upper hereby indemnifies and holds Green harmless from and against any loss, cost, claim, liability, damage or expense (including reasonable attorneys fees) which may arise in connection with the liability of Green (as determined pursuant to a final nonappealable judgment of a court of competent jurisdiction), if any, for the payment (including interest and penalties, if any) of the State Transfer Tax and the City Transfer Tax (as defined in the Green Contract) payable, if any, in connection with the recording of the confirmatory Unit Deeds. Upon the Effective Date and execution and delivery of the Unit Owners Agreement (as hereinafter defined), the Tenancy and this Agreement shall be deemed terminated and of no further force and effect.

(c) On or promptly following the Effective Date, the Owners shall hold a Unit Owners' meeting and make their respective appointments to the Condominium Board and the Lower Boards. The Board Members so appointed shall meet immediately following such Unit Owners' meeting and shall adopt (i) Budgets for the first year of condominium operation, (ii) the North Building Standards, and (iii) the South Building Standards, and shall conduct such other business as may be necessary to commence condominium operation of the Property all in accordance with the requirements of the Condominium Documents or as otherwise permitted under the Condominium Documents. The provisions of this Section 22 shall survive the termination of the Tenancy and shall constitute an agreement between Green and Upper as Unit Owners from and after the Effective Date.

23. Governing Law.

This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of New York.

24. Counterparts: Captions.

This Agreement may be executed in counterparts, each of which shall be deemed an original. The captions are for convenience of reference only and shall not affect the construction to be given any of the provisions hereof.

25. Entire Agreement: No Third Party Beneficiaries.

This Agreement (including all exhibits and schedules annexed hereto), contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings, if any, with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument singed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intent to confer any benefit hereunder on any person, firm or corporation other than the parties hereto.

26. Further Assurances.

The parties each agree to do such other and further acts and things, and to execute and deliver such instruments and documents (not creating any obligations additional to those otherwise imposed by this Agreement) as either may reasonably request from time to time, to confirm or effectuate the provisions of this Agreement.

27. Inspection.

Each Owner or its authorized representative may examine any of the books, records and assets of the Tenancy during normal business hours upon reasonable notice.

28. Severability.

If any provisions of this Agreement or the application thereof to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provisions to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

29. Exculpation.

Notwithstanding anything contained herein to the contrary, it is specifically understood and agreed that there shall be no personal liability on either Owner in respect to any of the terms, covenants, conditions or provisions of this Agreement, and in the event of a breach or default by either Owner of any of its liabilities and obligations under this Agreement, the Non-Breaching Owner and any persons claiming by, through or under the Non-Breaching Owner shall look solely to the equity of the Breaching Owner in the Property for the satisfaction of the Non-Breaching Owner's and/or such persons' remedies and claims for damages.

30. Bank Accounts.

All funds and income of the Tenancy shall be deposited in the name of the Tenancy in accounts in such banks as mutually agreed to by the Owners. Withdrawals for such accounts shall be made upon the signatures of the Owners subject to the right of the Managing Agent to make withdrawals as set forth in Exhibit D. There shall be no commingling of the funds of the Tenancy with funds of any other entity or person.

31. Cleaning Contract/Indemnifications.

(a) The Tenancy shall acquire the Property subject to the Cleaning Contract, as such term is defined in Exhibit C of the Green Contract, and the Owners hereby approve the amended Cleaning Contract in the form annexed hereto as Exhibit I (the "Amended Cleaning Contract"). Notwithstanding the foregoing, upon the delivery of the WSI Relocation Agreement, as such term is defined in the Amended Cleaning Contract, and upon the delivery of the WSI Relocation Agreement, to the Tenancy, Upper shall pay to Green the sum of TWO HUNDRED THOUSAND ($200,000.00) DOLLARS and upon such payment (i) Green, on behalf of the Tenancy, may modify and/or terminate the Cleaning Contract or the Amended Cleaning Contract, whichever is then in effect, provided that in the event of any modification to the Cleaning Contract or the Amended Cleaning Contract, as the case may be, such modification shall not materially adversely affect the owner of Unit 1 and (ii) Green shall be solely responsible for all obligations and liabilities of "Owner" under the Cleaning Contract and "Associates" under the Amended Cleaning Contract except for payment for the applicable cleaning and consulting services performed thereunder in Unit 1 in accordance with the Cleaning Contract and/or the Amended Cleaning Contract, as the case may be, which shall be the obligation of Upper. Green shall use best efforts to promptly cause the WSI Relocation Agreement to be delivered to the Tenancy; provided, however, that Green shall have no obligation to pay any money to or at the direction of the tenant thereunder ("WSI") or to enter into a lease with WSI that does not meet the Guidelines.

(b) Upper shall indemnify, defend and hold Green free and harmless from and against any and all liability, claims, actions, damages, judgments, penalties, costs and expenses, including reasonable attorneys' fees, arising out of Upper's own acts or failure to act in connection with (x) any of Upper's obligations hereunder, or (y) any ERISA Liability or Union Liability, as such terms are hereinafter defined, caused by Upper and arising in connection with events occurring from and after the Effective Date.

(c) Green shall indemnify, defend and hold Upper free and harmless from and against any and all liability claims, actions, damages, judgments, penalties, costs and expenses, including reasonable attorneys' fees, arising out of Green's own acts or failure to act in connection with (x) any of Green's obligations hereunder, or (y) any ERISA Liability or Union Liability caused by Green and arising in connection with events occurring from and after the Effective Date.

(d) In the event that the Tenancy incurs any multiemployer withdrawal liability under the Employee Retirement Income Security Act of 1974, as amended ("ERISA Liability") or SL Green Operating Partnership, L.P. incurs any ERISA Liability under the Employment Indemnities (as defined in the DAP Contract), for events occurring prior to the Effective Date, Upper shall be responsible for the lesser to occur of (x) twenty-five (25%) percent

of such ERISA Liability and (y) the ERISA Liability directly attributable to the number of Service Employees, as such term is defined in the Amended Cleaning Contract, that are terminated prior to the Transition Date, as such term is defined in the Amended Cleaning Contract, and Green shall be responsible for the balance of such ERISA Liability.

(e) In the event that the Tenancy incurs any liability under the Union Agreements, as such term is defined in the Green Contract, including without limitation, any liability for termination pay (collectively, "Union Liability") or SL Green Operating Partnership, L.P. incurs any Union Liability under the Employment Indemnities, for events occurring prior to the Effective Date, Upper shall be responsible for the lesser to occur of (x) twenty-five (25%) percent of such Union Liability and (y) the Union Liability directly attributable to the number of Service Employees that are terminated prior to the Transition Date, and Green shall be responsible for the balance of such Union Liability.

(f) Without limiting the generality of the definition of Claims set forth in the Declaration, the foregoing indemnifications of Green and Upper shall include any Claims arising out of a breach of the provisions of this Section 31. The provisions of Article XXV of the Declaration shall apply to the indemnities given by the parties pursuant to this Section 31 and the provisions of this Section 31 shall survive the termination of the Tenancy and shall constitute an agreement between Green and Upper as Unit Owners from and after the Effective Date.

32. Work During The Tenancy.

The following work (the "Tenancy Work") shall be promptly commenced during the Tenancy and shall be performed in compliance with the General Work Conditions set forth in Article XII Section B of the Declaration and with the following additional conditions until the creation of the New Service Entrance: (x) the labor employed by Upper for the performance of Upper's Tenancy Work and all equipment and materials necessary to perform such work shall be transported to the various work sites in Unit 1 via a sidewalk hoistway located on the exterior of the South Building facing the West Street side of the South Building; and (y) Upper shall erect temporary partitions and shall arrange for the lock off of any Unit 1 Elevators necessary to prevent the labor employed by Upper for the performance of Upper's Tenancy Work from having direct ingress and egress to Unit 2 from Unit 1:

(i) Green shall be responsible, at its sole cost and expense, for all work in connection with the alterations and/or installations to the lobby in Unit 2 up to the entrance utilized for access to Unit 2 except for the installation of the handicap lift as set forth in subsection (ii) below;

(ii) Upper shall be responsible, at its sole cost and expense, subject to Green's contribution described in the last sentence of this subsection (ii), for all work in connection with the following: creation of common corridor in the South Building basement; separation of tank rooms in accordance with Applicable Law; demolition of boiler and asbestos abatement in boiler rooms; installation of a handicap lift in front of the entrance to Unit 2; the alterations and/or installations required to create the new entrances to be utilized for access to Unit 1 and Unit 2; elevator modifications as described in Exhibit K attached hereto and made a part hereof; installation of new electrical distribution panels in basement of the South Building; alterations and/or installations required to create new fire stairs and new plumbing lines as described in Exhibit L attached hereto and made a part hereof; and any other alterations necessary in connection with altering the South Building in order to create Unit 1 (collectively "Upper Initial Work"). Green has contributed $350,000 toward the costs of the Upper Initial Work on the date hereof;

(iii) Upper and Green shall each be responsible for one-half of the costs and expenses in connection with the Facade Work as such term is defined in the Green Contract and any additional work in connection therewith as described in Exhibit M attached hereto and made a part hereof (the "Additional Facade Work") which Additional Facade Work is hereby consented to and approved by the Owners; and

(iv) Reference is made to the work intended to be performed by Upper regarding certain plumbing lines now or hereafter located in the ceiling of the 13/th/ Floor of the South Building (the "13/th/ Floor Ceiling") for the benefit of Unit 1 (the "13/th/ Floor Ceiling Work") Upper shall have access, subject to rights of existing tenants under such existing tenants' existing leases, to the 13/th/ Floor Ceiling at any time between the hours of 6:00 p.m. to 8:00 a.m. on any Business Day and at any time on any day that is not a Business Day in order to perform or cause the performance of the 13/th/ Floor Ceiling Work. In no event shall the height of the 13/th/ Floor Ceiling be less than it now is by reason of the 13/th/ Floor Ceiling

Work. Notwithstanding anything contained herein to the contrary Upper shall compensate Green for any rental losses incurred by Green in the event any tenant obtains a final non-appealable order that it has been constructively evicted or that it is entitled to a rent abatement or rent setoff pursuant to any action brought by such tenant due to the 13/th/ Floor Ceiling Work. The term "Business Day" shall mean a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of New York.

33. North Building Removal.

Notwithstanding anything to the contrary contained in the Condominium Documents, the Green Contract or herein, if Upper so elects, in its sole discretion, Upper may, by written notice to Green: (a) at any time prior to the Effective Date, obtain a separate tax lot and Certificate of Occupancy for the North Building and cause the Tenancy to deliver a deed therefor to Green in accordance with the Green Contract, in which event, the North Building will not be included in the Condominium and the Condominium Documents will be revised prior to filing to reflect the removal of the North Building as a Unit and to provide any necessary easements and restrictions as set forth in Section B of Article XXI of the Declaration or (b) at any time after the Effective Date, require Green (or its successor in interest) to remove the North Building from the Condominium pursuant to Section B of Article XXI of the Declaration (in either case, the "North Building Removal"). Upon receipt of such notice, Green shall cooperate with Upper to effectuate the North Building Removal and shall perform all acts and execute and deliver all documents and other instruments necessary to effectuate the North Building Removal; provided however, all costs and expense thereof shall be borne by Upper. The provisions of this paragraph shall survive the termination of the Tenancy and shall constitute an agreement between Green and Upper as Unit Owners from and after the Effective Date.

34. Rights of Existing Tenants.

To the extent required by Applicable Law and the terms of the existing tenants' existing leases, all rights of the Owners are subject to the rights of all existing tenants at the Property so long as such existing tenants' existing leases shall remain in effect.

35. Intent of Owners Regarding Operation of Property During the Tenancy and Unit Owners Agreement.

Except as otherwise expressly set forth herein to the contrary, the Owners intend to, and shall, operate the Property during the Tenancy as if the Declaration was in full force and effect and the Owners owned the Units as contemplated in the Green Contract and Declaration. Notwithstanding anything contained herein to the contrary upon termination of the Tenancy the Owners agree to simultaneously enter into a Unit Owners agreement (the "Unit Owners Agreement") incorporating therein all provisions of this Agreement expressly set forth herein to survive the termination of the Tenancy.

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

GREEN:

SLG 17 BATTERY LLC
a New York limited liability company

By: SL GREEN OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, managing member

By: SL GREEN REALTY CORP., a Maryland corporation, general partner

By: /s/ Benjamin P. Feldman
Name: Benjamin P. Feldman
Title: Executive Vice President

UPPER:

17 BATTERY UPPER PARTNERS LLC,
a New York limited liability company

By: 17 BATTERY ASSOCIATES LLC, a New York limited liability company, its manager

By: 17 DIAMOND CORP., a New York corporation,
its manager

By: /s/ Allen Gross

Name: Allen Gross
Title: President

EXHIBIT A

DESCRIPTION OF LAND

(Follows immediately hereafter)

EXHIBIT B

DECLARATION OF THE CONDOMINIUM

(Follows immediately hereafter)

EXHIBIT C

FLOOR PLANS

(Follows immediately hereafter)

EXHIBIT D

Deleted Prior to Execution

EXHIBIT D-1

LEASE PROVISIONS PROVIDING FOR CONVERSION OF PROPERTY TO A CONDOMINIUM

1. CONVERSION TO CONDOMINIUM

1.1 Right To Convert Property.

Landlord shall have the unfettered right, in its sole discretion, at any time, to convert the Property, including the Demised Premises, to a condominium (the "Condominium") by submitting the Property to the provisions of Article 9-B of the Real Property Law of the State of New York (as same may be amended from time to time, the Condominium Act") and to offer units therein, including any unit of which the Demised Premises forms a part, for sale.

1.2 Subordination To Condominium Regime.

1.2.1 This Lease and all rights of Tenant hereunder shall be subject and subordinate in all respects to the constitutive documents of the Condominium, including the declaration of condominium, the by-laws, the rules and regulations and the floor plans, as all of the foregoing may be amended from time to time (the "Condominium Documents") and to all matters to which Landlord's interest in the units forming the Condominium, including each unit's appurtenant interests in the common elements (collectively, the "Units") may thereafter become subject and subordinate provided, however, that Landlord shall cause the Condominium to deliver to Tenant for its signature a subordination, attornment and non-disturbance agreement ("SNDA") in form as provided in the Condominium Documents. From and after the establishment of the Condominium, all references to Landlord's rights in the Lease with respect to the Property and the Building of which the Demised

Premises forms a part shall be deemed to mean and include the Unit of which the Demised Premises then forms a part (the "DP Unit").

1.3 Conflicts With Condominium Documents.

If any of the express provisions of this Lease shall conflict with any of the provisions of the Condominium Documents, such conflict shall be resolved in every instance in favor of the Condominium Documents; provided however, in no event shall Tenant have any rights in respect of the Demised Premises greater than Tenant's rights under this Lease.

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASE RE: TENANCY LEASE

To be agreed upon

EXHIBIT F

GUIDELINES

(Follows immediately hereafter)

EXHIBIT G

(Deleted Prior to Execution)

EXHIBIT H

INITIAL TIC BUDGET

(Follows immediately hereafter)

EXHIBIT I

AMENDED CLEANING CONTRACT

(Follows immediately hereafter)

EXHIBIT J

Deleted Prior to Execution

EXHIBIT K

Deleted Prior to Execution

EXHIBIT L

Deleted Prior to Execution

EXHIBIT M

ADDITIONAL FACADE WORK

Work described in the Battery Place Exterior Inspection Report, dated September 11, 1997, prepared by Bone/Levine Architects

EXHIBIT N

Deleted Prior to Execution

EXHIBIT O

INSURANCE GUIDELINES

(Follows immediately hereafter)

EXHIBIT P

OPEN CONDOMINIUM DOCUMENT ITEMS

I. Missing Information to be Supplied.

a) Class of fire proof construction in each of the Buildings.
b) Exact square footage measurement of each Unit in accordance with the Floor Plans.
c) Changes to conform the Floor Plans to terms and provisions contained in the Declaration and By-Laws.
d) Any other open items indicated in either the footnotes to, or in the body of, the Condominium Documents.

II. Issues Remaining to be Agreed Upon

a) Exact dimensions and layout of each Unit on the ground floor of the South Building immediately in the area adjacent to the Battery Place entrance.
b) Designation of Unit 1 CSE shaft and Unit 2 CSE shaft on Floor Plans.
c) Any other open items indicated in either the footnotes to, or in the body of, the Condominium Documents.

EXHIBIT 2.7

AMENDED AND RESTATED SUBSTITUTE MORTGAGE NOTE NO. 1

December 19, 1997

$15,500,000.00

FOR VALUE RECEIVED, and at the times hereinafter specified, 17 BATTERY UPPER PARTNERS LLC, a New York limited liability company ("MAKER"), having an address at c/o GFI Realty Services, 50 Broadway, 5th Floor, New York, New York 10004, Attn: Allen I. Gross, hereby promises to pay to the order of SL GREEN OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, having an address at 70 West 36th Street, New York, New York 10018 (collectively, hereinafter referred to, together with each subsequent holder(s) hereof, as "HOLDER"), or at such other address as may be designated from time to time hereafter by any Holder, the principal sum of FIFTEEN MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($15,500,000.00), together with interest on the principal balance outstanding from time to time, as hereinafter provided, in lawful money of the United States of America. The balance (the "PRINCIPAL AMOUNT") of principal outstanding from time to time under this mortgage note (this "NOTE") shall bear interest at a rate per annum equal to twelve (12%) percent (the "INTEREST RATE"), calculated for the actual number of days elapsed based on a 360-day year.

1. Payments. Maker shall pay the following sums as follows:

(a) Interest. (i) Interest only at the Interest Rate on the Principal Amount shall be payable on the date hereof for the period from and including the date hereof through and including December 31, 1997; and

(ii) Interest only at the Interest Rate on the Principal Amount shall be payable in arrears commencing on February 1, 1998, and on the first day of each and every month thereafter up to and including the Maturity Date (as defined herein); and

(b) Principal. The entire Principal Amount then remaining unpaid, with accrued and unpaid interest thereon, shall be due and payable on the Maturity Date.

Each payment made by Maker under this Note shall be made before 2:00 p.m., New York City time, on the date when such payment or prepayment is required to be made and shall be made without setoff, counterclaim, deduction or defense of any kind by wire transfer of immediately available funds in lawful money of the United States of America to such account or accounts as shall be designated by Holder, from time to time. Any payment received and accepted by Holder after 2:00 p.m., New York City time on any day shall be deemed for all purposes (including the calculation of interest, to the extent permitted by law) as having been made on the next succeeding Business Day. If the date for any payment hereunder falls on a day which is not a Business Day, then for all purposes hereof the same shall be deemed to have fallen on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest hereunder. The term "BUSINESS DAY" shall mean a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of New York.

2. Maturity. The Loan shall mature on the earlier of (i) September 30, 1998 or (ii) such date as the Loan shall become due by reason of acceleration, operation of law or as otherwise set forth in the Mortgage (as hereinafter defined). The date on which the Loan shall mature as provided in the preceding sentence is referred to as the "MATURITY DATE."

3. Prepayment. This Note may be prepaid, in whole or in part, at any time and from time to time, without premium or penalty.

4. Default Rate/Late Charge. From and after the occurrence of an Event of Default, the entire Principal Amount, all accrued and unpaid interest and all other sums then due or payable pursuant to this Note or any of the other Loan Documents, shall bear interest from the date of such Event of Default until paid at a per annum rate (the "DEFAULT RATE") equal to the lesser

of (i) five percent (5%) over the Interest Rate, or (ii) the Maximum Rate, as herein defined. In addition to interest as set forth herein, Maker shall pay Holder a late charge equal to five percent (5%) of any amounts due under this Note in the event any such amount is not paid within five (5) days after such payment becomes due.

5. Application of Payments.

(a) All payments received by Holder under this Note shall be applied as follows: first, to accrued and unpaid interest then due hereunder; second, to all other sums then due or payable pursuant to this Note or any of the other Loan Documents, in such order as shall be determined by the Holder in its sole discretion from time to time; and third, to the reduction of the Principal Amount.

(b) Notwithstanding anything to the contrary herein contained, during the continuance of an Event of Default, Holder may apply any payment received by Holder under this Note to such amounts and in such order as Holder may elect from time to time in its sole discretion.

6. The Mortgage. This Note, and all sums due or agreed to be paid hereunder are secured by, inter alia, a certain Amended and Restated Substitute Mortgage, Assignment of Leases and Rents and Security Agreement No. 1 of even date herewith granted by Maker for the benefit of the named Holder hereof (the "MORTGAGE"), encumbering certain property as more particularly described in such Mortgage. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Mortgage.

7. Event of Default. The occurrence of an Event of Default shall constitute an "EVENT OF DEFAULT" hereunder. Upon the occurrence and continuance of an Event of Default, Holder may, at its option, declare all or any portion of the Principal Amount, together with all accrued and unpaid interest hereon, and all other amounts payable hereunder or under the Mortgage or any of the Loan Documents, to be immediately due and payable and thereby accelerate the maturity hereof, and Holder may proceed to exercise any rights or remedies that it may have under this Note, the Mortgage, or any other Loan Document or such other rights and remedies which Holder may have at law, equity or otherwise.

8. Enforceable Obligation. Maker hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Note, and to constitute this Note the legal, valid and binding obligation of Maker, enforceable in accordance with the terms hereof, have been done and performed and happened in due and strict compliance with all Legal Requirements.

9. Affirmative Waivers. Maker and all parties now or hereafter liable for the payment hereof, primarily or secondarily, directly or indirectly, and whether as endorser, guarantor, surety, or otherwise, hereby severally (a) waive presentment, demand, protest, notice of protest and/or dishonor, and all other demands or notices of any sort whatsoever with respect to this Note, (b) consent to impairment or release of collateral, extensions of time for payment, and acceptance of partial payments before, at, or after maturity, (c) waive any right to require Holder to proceed against any security for this Note before proceeding hereunder, (d) waive diligence to the collection of this Note or in filing suit on this Note and (e) agree to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred in the collection of this Note, or any part thereof or in preserving, securing possession of, and realizing upon any security for this Note.

10. Usury. The provisions of this Note and of all agreements between Maker and Holder are, whether now existing or hereinafter made, hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, prepayment, demand for payment or otherwise, shall the amount paid, or agreed to be paid, to Holder for the use, forbearance, or detention of the principal hereof or interest hereon, which remains unpaid from time to time, exceed the maximum interest rate permissible under applicable law (the "MAXIMUM RATE"). If from any circumstance whatsoever, the performance or fulfillment of any provision hereof or of any other agreement between Maker and Holder shall, at the time performance or fulfillment of such provision is due, involve or purport to require any payment in excess of the limits prescribed by law, then the obligation to be performed or fulfilled is hereby reduced to the limit of such validity, and if from any

circumstance whatsoever Holder should ever receive as interest an amount which would exceed the highest lawful rate, the amount which would be excessive interest shall be applied to the reduction of the Principal Amount (or, at Holder's option, be paid over to Maker) and shall not be counted as interest. To the extent permitted by applicable law, determination of the legal maximum amount of interest shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of this Note, all interest at any time contracted for, charges, or received from Maker in connection with this Note and all other agreements between Maker and Holder, so that the actual rate of interest on account of the indebtedness represented by this Note is uniform throughout the term hereof.

11. Non-Recourse Obligations. Notwithstanding anything in this Note, the Mortgage or the other Loan Documents, no personal liability shall be asserted or enforceable against (i) Maker, (ii) any Affiliate (as defined in the Mortgage) of Maker, (iii) any Person (as defined in the Mortgage) owning directly or indirectly, any legal or beneficial interest in Maker or any Affiliate of Maker, or (iv) any partner, principal, officer, controlling person, beneficiary, trustee, advisor, shareholder, employee, agent, Affiliate or director of any Persons described in clauses (i) through (iii) above (individually, an "EXCULPATED PARTY" and, collectively, the "EXCULPATED PARTIES") by Holder in respect of the Secured Obligations, this Note, the Mortgage, or any other Loan Document, or the making, issuance or transfer thereof, all such liability, if any, being expressly waived by Holder and each successive holder of this Note and the Mortgage shall accept this Note and the Mortgage upon the express condition of this provision and limitation that in the case of the occurrence and continuance of an Event of Default, Holder's remedies in its sole discretion shall be any or all of:

(a) Foreclosure of the lien of the Mortgage in accordance with the terms and provisions set forth in the Mortgage;

(b) Action against any other security at any time given to secure the payment of this Note and under the other Loan Documents; and

(c) Exercise of any other remedy set forth in the Mortgage or any other Loan Document.

The lien of any judgment against Maker and any proceeding instituted on, under or in connection with this Note or the Mortgage, or both, shall not extend to any property now or hereafter owned by Maker or any Exculpated Party other than the Rents from, and the ownership interest of Maker in, the Property and the other security for the payment of this Note or the Mortgage.

Notwithstanding anything to the contrary in this Note or any of the Loan Documents, Holder shall not be deemed to have waived any right which Holder may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Secured Obligations or to require that all collateral shall continue to secure all of such Secured Obligations owing to Holder in accordance with the Loan Documents.

Notwithstanding anything in this Note or the Mortgage to the contrary: (A) no provision of this Note or the Mortgage shall be construed or be deemed to limit or impair the enforcement of or liability of Maker and/or the Guarantors under the Environmental Indemnity Agreement or the liability of Maker and/or the Guarantors under the Guaranty, as the case may be; and (B) there shall at no time be any limitation on Maker's or the Guarantors' liability for the payment to Holder of any and all actual losses, damages, costs and/or expenses incurred by Holder and arising from: (1) misappropriation by Maker or any Affiliate of Maker of any condemnation proceeds or insurance proceeds which Maker or any Affiliate of Maker has received and to which Holder is entitled pursuant to the terms of the Mortgage or any of the Loan Documents to the extent the same have not been applied toward payment of sums due under this Note or under the Mortgage, or used for the repair or replacement of the Property pursuant to the Mortgage, or (2) any fraud, or intentional misrepresentation of Maker or any Affiliate of Maker, or (3) any misappropriation of Rents or security deposits by Maker or any Affiliate of Maker, or (4) any intentional physical waste in connection with Maker's or any Affiliate of Maker's operation of the Property, or (5) Maker's failure to maintain in full force and effect any of the insurance policies required to be maintained under the Mortgage, or (6) Maker's failure to pay any taxes required to be paid under the Mortgage.

12. Amendment and Restatement of Existing Note(s). This Note consolidates, amends and restates in their entirety the terms and provisions

of those certain promissory notes as more fully described on Exhibit A attached hereto (said mortgage notes being hereinafter collectively called the "EXISTING NOTES") so that this Note shall hereafter constitute evidence of but one debt in the principal amount of Fifteen Million Five Hundred Thousand and 00/100 ($15,500,000.00) Dollars. The conditions contained in this Note shall supersede and control the terms, covenants, agreements, rights, obligations and conditions of the Existing Notes (it being agreed that the modification of the Existing Notes shall not impair the debt evidenced by each of the Existing Notes). This Note does not create any new or additional indebtedness but evidences the same indebtedness evidenced by the Existing Notes and secured by the Mortgage.

13. Miscellaneous.

(a) Expenses. Maker shall pay all costs and expenses of collection incurred by Holder in connection with this Note, in addition to the entire Principal Amount, all accrued and unpaid interest at the Default Rate and all other sums then due or payable pursuant to this Note or any of the other Loan Documents, including, without limitation, reasonable attorneys' fees and disbursements and all other costs and expenses incurred in connection with the pursuit by Holder of any of its right or remedies referred to herein or the protection of or realization of collateral or in connection with any of Holder's collection efforts, whether or not suit on this Note, on any of the other Loan Documents or any foreclosure proceeding is filed, and all such costs and expenses shall be payable within ten (10) days after Maker's receipt of a statement therefor from Holder and also shall be secured by the Mortgage and the other Loan Documents.

(b) Partial Invalidity. If any provision hereof or of any other Loan Document is, for any reason and to any extent, determined to be invalid or unenforceable with respect to any person, entity or circumstance, then neither the remainder of the document in which such provision is contained, nor the application of the provision to other persons, entities, or circumstances, nor any other document referred to herein, shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

(c) Continuing Effect. Each provision of this Note shall be and remain in full force and effect notwithstanding any negotiation or transfer hereof or any interest herein to any other Holder or participant.

(d) Governing Law; Consent to Jurisdiction. This Note shall be governed and construed in accordance with the laws of the State of New York, without regard to the principles of conflict of laws. To the fullest extent permitted by law, Maker hereby unconditionally and irrevocably waives any claim to assert that the law of any other jurisdiction governs this Note. Any legal suit, action or proceeding against Maker or Holder arising out of or relating to this Note may be instituted in any federal or state court in New York, New York, pursuant to Section5-1402 of the New York General Obligations Law, and Maker waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and Maker hereby irrevocably submits to the jurisdiction of any such court in any suit, action or proceeding. By execution and delivery of this Note, Maker accepts, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Note or the Mortgage from which no appeal has been taken or is available. Maker irrevocably agrees that all process in any proceeding or any court arising out of or in connection with this Note, the Mortgage or any other Loan Document may be effected by mailing a copy thereof by registered or certified mail or any substantially similar form of mail, postage prepaid, to Maker at its address referred to in the "Notices" Section of the Mortgage or such other address of which Holder shall have been notified pursuant to said subsection. Such service shall be effective five days after such mailing. Maker hereby acknowledges that such service will be effective and binding service in every respect. Maker shall not assert that such service did not constitute effective and binding service within the meaning of any applicable state or federal law, rule, regulation or the like. Maker hereby irrevocably waives any objections, including without limitation any objection to the laying of venue or based on the grounds of forum non conveniens which it may now or hereafter have to the bringing of any such action or proceeding in any such jurisdiction. Nothing herein shall affect the right of Holder to serve process in any other manner permitted by law or limit the right of Holder to bring any action, suit or proceeding against Maker in the court of any jurisdiction. Maker acknowledges that final judgment against it in any action, suit or

proceeding referred to in this paragraph shall be conclusive and may be enforced in any other jurisdiction, by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of Maker's indebtedness.

(e) Waiver of Jury Trial. MAKER AND HOLDER KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, THE MORTGAGE, OR ANY OTHER LOAN DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO OR TO ANY LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO ENTER INTO THE LOAN TRANSACTION EVIDENCED BY THIS NOTE.

(f) No Waiver. Any forbearance by Holder in exercising any right or remedy hereunder or under any of the Loan Documents or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any right or remedy by Holder. No failure to accelerate the indebtedness evidenced hereby by reason of an Event of Default, or acceptance of a past due installment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment, nor shall it be deemed to be a novation of this Note or a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or any other right, nor be construed so as to preclude the exercise of any right that Holder may have, at law or in equity, and Maker hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

(g) Modification in Writing. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Holder, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the date first above written.

MAKER:

17 BATTERY UPPER PARTNERS LLC

By: 17 BATTERY ASSOCIATES LLC, its manager

By: 17 Diamond Corp., its manager

By: /s/ Allen I. Gross
Name: Allen I. Gross
Title: President

CONSENTED AND AGREED TO BY:

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL Green Realty Corp., its general partner

By: /s/ Benjamin P. Feldman
Name: Benjamin P. Feldman
Title: Executive Vice President

EXHIBIT A

Schedule of Existing Notes

1. Note, dated the 9th day of June, 1986, made by 17 Battery Place North Associates II to Connecticut Mutual Life Insurance Company in the principal of $6,500,000.00; said Note being assigned by Assignment of Mortgage from Massachusetts Mutual Life Insurance Company, successor by merger to

Connecticut Mutual Life Insurance Company, -to- CS First Boston Mortgage Capital Corp., dated as of 3/21/96 and recorded in the Office of the City Register, County of New York (the "CITY REGISTER'S OFFICE") on 3/27/96 in Reel 2307 Page 1103.

2. Gap Note, dated the 22nd day of March, 1996, made by Downtown Acquisition Partners, L.P. to CS First Boston Mortgage Capital Corp. in the principal sum of $18,500,000.00.

3. Consolidated and Restated Mortgage Note, dated the 22nd day of March, 1996, made by Downtown Acquisition Partners, L.P. to CS First Boston Mortgage Capital Corp. in the principal sum of $25,000,000.00. Consolidates Note Nos. 1 and 2.

Consolidated Note Nos. 1 and 2 were assigned pursuant to Assignment of Mortgage from Credit Suisse First Boston Mortgage Capital LLC (successor by merger to CS First Boston Mortgage Capital Corp.) ("CSFBMC") -to- The Chase Manhattan Bank ("CMB"), as trustee under that certain Pool 1 Pooling and Servicing Agreement dated as of 4/25/97 by and among Credit Suisse First Boston Mortgage Securities Corp., CMB, SunAmerica Life Insurance Company, Anchor National Life Insurance Company, CSFBMC and the servicer named therein (the "POOL 1 POOLING AND SERVICING AGREEMENT"), which Assignment of Mortgage was dated as of 4/25/97 and recorded in the City Register's Office on 6/6/97 in Reel 2463 Page 793.

Consolidated Note Nos. 1 and 2 were further assigned pursuant to Assignment of Mortgage, dated as of December 19, 1997, from The Chase Manhattan Bank, as trustee under the Pool 1 Pooling and Servicing Agreement, to SL Green Operating Partnership, L.P. and intended to be recorded in the City Register's Office prior to the recordation of the Modification and Splitter Agreement (as defined below).

As modified by that certain Release of Mortgagor, dated as of December 19, 1997 from SL Green Operating Partnership, L.P. to SLG 17 Battery LLC, whereby SLG 17 Battery LLC was released from all obligations.

As modified and split purusuant to that certain Modification and Splitter Agreement, dated as of December 19, 1997, between SL Green Operating Partnership, L.P., as mortgagee, and 17 Battery Upper Partners LLC, as mortgagor (the "MODIFICATION AND SPLITTER"), and intended to be recorded in the City Register's Office; which Modification and Splitter modified and split the above-referenced $25,000,000 consolidated notes (i.e. Note Nos. 1 and 2) and the mortgages securing same into:

(i) (x) an Amended and Restated Substitute Mortgage, Assignment of Leases and Rents and Security Agreement No. 1 ("SUBSTITUTE MORTGAGE NO. 1"), dated as of December 19, 1997, between SL Green Operating Partnership, L.P., as mortgagee, and 17 Battery Upper Partners LLC, as mortgagor, and (y) an Amended and Restated Substitute Mortgage Note No. 1 in a reduced principal amount of $15,500,000 ("SUBSTITUTE NOTE NO. 1"), dated as of December 19, 1997, made by 17 Battery Upper Partners LLC to SL Green Operating Partnership, L.P., to which this Exhibit A is attached, which Substitute Note No. 1 amends and restates consolidated Note Nos. 1 and 2 to the extent of $15,500,000.00; and

(ii) (x) an Amended and Restated Substitute Mortgage No. 2 ("SUBSTITUTE MORTGAGE NO. 2"), dated as of December 19, 1997, between SL Green Operating Partnership, L.P., as mortgagee, and 17 Battery Upper Partners LLC, as mortgagor, and (y) an Amended and Restated Substitute Mortgage Note No. 2 in a reduced principal amount of $9,500,000 ("SUBSTITUTE NOTE NO. 2"), dated as of December 19, 1997, made by 17 Battery Upper Partners LLC to SL Green Operating Partnership, L.P., which Substitute Note No. 2 amends and restates Notes Nos. 1 and 2 to the extent of $9,500,000.00. Such Substitute Note No. 2 is a separate instrument and is not included in the note to which this Exhibit A is attached.

State of New York)
) ss.:
County of New York)

On the 19th day of December, in the year 1997, before me, the undersigned, a Notary Public in and for said State, personally appeared Allen I. Gross, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York)
) ss.:
County of New York)

On the 19th day of December, in the year 1997, before me, the undersigned, a Notary Public in and for said State, personally appeared Benjamin P. Feldman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

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Notary Public

EXHIBIT 5.1

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SENIOR UNSECURED

REVOLVING LINE OF CREDIT AGREEMENT

between

SL GREEN OPERATING PARTNERSHIP, L.P.

and

SL GREEN REALTY CORP.

and

LEHMAN BROTHERS HOLDINGS INC.
D/B/A LEHMAN CAPITAL, A DIVISION
OF LEHMAN BROTHERS HOLDINGS INC.,
Individually as a Co-Lender and as Agent for one or more Co-Lenders
and as Syndication Agent

Dated as of December 18, 1997

$140,000,000.00

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SCHEDULES

EXHIBITS

THIS SENIOR UNSECURED REVOLVING LINE OF CREDIT AGREEMENT, dated as of December 18, 1997 is made among SL GREEN OPERATING PARTNERSHIP, L.P. (the "Borrower"), SL GREEN REALTY CORP. (the "REIT") and LEHMAN BROTHERS HOLDINGS INC., D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation, ("Lehman") individually as a Co-Lender ("Lender") and

as Agent for one or more Co-Lenders ("Agent") and as Syndication Agent ("Syndication Agent").

SECTION 1. DEFINITIONS.

Section 1.01 Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural number the singular.

"Adjusted EBITDA" shall mean with respect to any Person for any period, EBITDA less (a) gains and/or losses on asset sales and debt restructurings, (b) Minimum Capital Expenditure Reserves, and (c) straight line rent adjustments for the applicable period.

"Adjusted NOI" shall mean for any Real Property Asset, the product of (i) Net Operating Income for the three (3) month period immediately preceding the date of determination, multiplied by (ii) four (4); for the purposes of this definition, the Adjusted NOI for the Bar Building shall mean, until and unless Borrower shall own the fee simple and leasehold title to the Bar Building, the product of (a) the lesser of (1) the actual cash received and applied to interest then due to Borrower under the Bar Building Loan Documents during the three (3) month period immediately preceding the date of determination on account of the interest becoming payable during such period, less Minimum Capital Expenditures Reserves and Minimum Management Fees for such period and (2) the Net Operating Income of the Bar Building for such period, less Minium Capital Expenditures Reserves and Minimum Management Fees for such period multiplied by (b) four (4).

"Administrative Fee" shall have the meaning provided in Section 2.15(b).

"Administrative Fee Letter" shall mean those certain letter agreements between any successor Agent and Borrower and the REIT providing for the payment of the Administrative fee set forth therein.

"Advance" shall mean each advance and readvance of the principal balance of the Loan.

"Affiliate" shall mean, with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person and any Subsidiaries (including Consolidated Subsidiaries) of such specified Person.

"Agent" shall have the meaning provided in the opening paragraph of this Agreement and in Section 9.09(e).

"Agreement" shall mean this Senior Unsecured Revolving Line of Credit Agreement as the same may from time to time hereafter be modified, supplemented or amended.

"Agreement of Sale" means that certain Amended and Restated Agreement of Sale dated as of June 23, 1997 between 17 Battery Upper Partners and SLG 17 Battery LLC.

"Annual Operating Budget" shall have the meaning provided in Section 5.01.

"Applicable Laws" shall mean all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court affecting Borrower, any Loan Party or any Real Property Asset, or the use thereof including, but not limited to, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws (as defined in the Environmental Indemnity).

"Appraisal" shall mean an appraisal prepared in accordance with the

requirements of FIRREA, prepared by an independent third party appraiser holding an MAI designation, who is state licensed or state certified in the State of New York, who meets the requirements of FIRREA and who has at least ten (10) years real estate experience appraising properties of a similar nature and type as 110 E. 42/nd/ Street and who is otherwise reasonably satisfactory to the Agent.

"Appraisal Period" shall mean, with respect to 110 E.42/nd/ Street, each eighteen (18) month period commencing on the date of the Appraisal of 110 E.42/nd/ Street that was delivered to Agent prior to Closing and each Appraisal of 110 E. 42/nd/ Street delivered thereafter to Agent pursuant to clause (iii) of the definition of Total Unencumbered Asset Value.

"Assets" of any Person means all assets of such Person that would, in accordance with GAAP, be classified as assets of a company conducting a business the same as or similar to that of such Person, including without limitation, all Real Property Assets and Permitted Investments.

"Assignment and Assumption" shall have the meaning provided in Section 9.09.

"Assumed Debt Service" means with respect to all Unsecured Debt of any Person for any period, the aggregate annual payment of interest and principal that would be due on such Unsecured Debt assuming an annual loan constant equal to the Treasury Rate in effect as of the date of calculation.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable applicable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"Bar Building" shall mean those certain Real Property Assets located at 36 West 44/th/ Street, New York, New York and 35 West 43/rd/ Street, New York, New York.

"Bar Building Asset" shall mean the Bar Building and the Bar Building Loan Documents .

"Bar Building Event of Default" shall mean a "Forbearance Termination Default", as such term is defined under the Settlement Agreement.

"Bar Building Loan Documents" shall mean the Bar Building Notes, the Bar Building Mortgages, the Settlement Agreement, the Cash Management Agreement, the Transfer and Escrow Agreement, the Bar Building Management Agreement and any other documents or instruments evidencing, recurring, or guaranteeing the Bar Building Notes or perfecting Borrower's Lien on the Bar Building.

"Bar Building Management Agreement" shall mean that certain management agreement dated June 2, 1996 between the Bar Building Mortgagor and SL Green Management Corp. with respect to the Bar Building.

"Bar Building Mortgages" shall mean the mortgages securing the Bar Building Notes and encumbering the Bar Building, as more fully described therein.

"Bar Building Mortgagor" shall mean, collectively, Bar Building Associates Joint Venture, a New York joint venture with respect to the fee interest in 36 West 44th Street, New York, New York and Lawplaza, Inc., a New York corporation with respect to the leasehold estate in 35 West 43rd Street, New York, New York, together with their respective successors and assigns.

"Bar Building Notes" shall mean those two certain mortgage notes in the principal amount of $15,000,000.00 and $3,000,000.00, respectively, and more particularly described on Schedule 11 attached hereto, as the same may be modified, amended or supplemented.

"Base Period" shall have the meaning provided in Section 5.18(a).

"Base Rate" shall mean, on any particular date, a rate per annum
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equal to the rate of interest publicly announced by Agent as its prime rate in effect on such day, with any change in said rate to be effective as of the date of such change; however, if Lehman is the Agent or if any successor agent does not announce its rate or ceases to announce a prime rate, Base Rate shall mean, on any particular date, a rate per annum equal to the rate of interest published in The Wall Street Journal as the "prime rate", as in effect on such day, with any change in the Base Rate resulting from a change in said prime rate to be effective as of the date of the relevant change in said prime rate; provided, however, that if more than one prime rate is published in The Wall Street Journal for a day, the average of the prime rates shall be used; provided, further, however, that the prime rate (or the average of the prime rates) will be rounded to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%.

In the event that The Wall Street Journal should cease or temporarily interrupt publication, then the Base Rate shall mean the daily average prime rate published in another business newspaper, or business section of a newspaper, of national standing chosen by Agent. If The Wall Street Journal resumes publication, the substitute index will immediately be replaced by the prime rate published in The Wall Street Journal.

In the event that a prime rate is no longer generally published or is limited, regulated or administered by a governmental or quasi-governmental body, then Agent shall select a comparable interest rate index which is readily available to Borrower and verifiable by Borrower but is beyond the control of Agent or any Co-Lender. Agent shall give Borrower prompt written notice of its choice of a substitute index and when the change became effective.

Such substitute index will also be rounded to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%.

The determination of the Base Rate by Agent shall be conclusive absent manifest error.

"Base Rate Margin" means the applicable percentage per annum set
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forth in the column "Base Rate Margin" determined by reference to the column (a) "Unsecured Debt Rating of Borrower" then in effect in the event such a rating is assigned by the Rating Agencies or (b) "Leverage Ratio" then in effect in the event (i) an Unsecured Debt Rating of Borrower has not been assigned by the Rating Agencies or (ii) the rating assigned by such Rating Agencies is worse than BBB-/Baa3, each as set forth below:

Unsecured Debt Rating of Borrower	Leverage Ratio	Base Rate Margin
BBB-/Baa3 or better	<35%	0%
	greater than or equal to 35% and lesser than or equal to 45%	.10%
	>45%	0.25%

The Base Rate Margin for the Base Rate Portion shall be determined by reference to the Unsecured Debt Rating of Borrower or Leverage Ratio, as applicable, in effect from time to time, and each change in the Base Rate Margin shall be effective immediately following the date such Unsecured Debt Rating or Leverage Ratio, as applicable, is announced or determined pursuant to the Compliance Certificate of Borrower.

"Base Rate Portion" shall mean the portion of the Loan made and/or
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being maintained at a rate of interest based upon the Base Rate.

"Best" shall mean A.M. Best Company, Inc.

"Book Value" shall mean, with respect to any asset of any Person,
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the net book value of such assets that is reflected on such Person's consolidated financial statements, including any deduction, adjustment or allowance made at any time for depreciation, amortization, or otherwise as calculated and prepared in accordance with GAAP.

"Borrower" shall have the meaning provided in the first paragraph

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of this Agreement and any successor Borrower expressly permitted hereunder.

"Borrowing" shall mean a borrowing of one Type of Advance from
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Agent and the Co-Lenders on a given date (or resulting from conversions or continuations on a given date), having in the case of Eurodollar Portions the same Interest Period.

"Business Day" shall mean (i) for all purposes other than as
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covered by clause (ii) below, any day excluding Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which Agent, or any Co-Lender or banking institutions are authorized or required by law or other government actions to close, and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Portions, any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks for U.S. dollar deposits in the relevant interbank Eurodollar market.

"Capital Expenditures" shall mean, for any Person, for any period,
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all expenditures made by such Person during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have a useful life of more than one year.

"Capitalized Lease" as to any Person shall mean (i) any lease of
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property, real or personal, the obligations under which are capitalized on the consolidated balance sheet of such Person and its Subsidiaries, and (ii) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Capitalized Lease Obligations" as to any Person shall mean all
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obligations of such Person and its Subsidiaries under or in respect of Capitalized Leases.

"Cash Collateral Disbursement Account" shall have the meaning
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provided in the Cash Management Agreement.

"Cash Equivalents" shall mean any of the following, to the extent
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owned by a Person free and clear of all Liens: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) Federally insured certificates of deposit of or time deposits with any commercial bank that is a Co-Lender or a member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in clause (c) below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1 billion or (c) commercial paper issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Ratings Services.

"Cash Management Agreement" shall mean that certain Management
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Agreement dated June 28, 1996 between the Bar Building Mortgagor, SL Green Management Corp. and The Travellers Insurance Company as assigned by various mesne assignments to Borrower, as the same may be modified, amended or supplemented from time to time.

"Change in Law" shall have the meaning provided in Section 2.19(c).

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended
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from time to time, and any successor statute, together with all final rules and regulations from time to time promulgated thereunder.

"Co-Lender" shall mean any entity or entities to which Lender sells
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with novation all or any part of its right, title and interest in, to and under the Loan, and any successors or assigns of Lender or any Co-Lender

pursuant to Section 9.09.

"Commitment" shall mean each Co-Lender's obligations under the Loan Documents to make Advances.

"Common OP Units" shall mean all limited partnership interests in the Borrower other than Preferred OP Units.

"Compliance Certificate" shall have the meaning set forth in Section 5.01(b)(ii).

"Consolidated Interest Expense" means with respect to any Person for any period, without duplication of interest previously included in such calculation, interest accrued or payable by such Person and its Subsidiaries during such period in respect of Total Debt determined on a consolidated basis in accordance with GAAP.

"Consolidated Subsidiaries" shall mean those Persons (including Borrower) set forth on Schedule 3 hereof, and any other Persons required to be consolidated with Borrower or the REIT under GAAP in Borrower's or the REIT's consolidated financial statements, and only for so long as (i) such Persons continue to be required to be consolidated with Borrower or the REIT under GAAP in Borrower's or the REIT's consolidated financial statements or (ii) none of the events described in Section 7.01(e) have occurred with respect to any such Persons.

"Contingent Obligation" as to any Person shall mean any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases (including Capitalized Leases) dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor,(ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, solvency or other financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof: provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business or obligations of such Person which would not be required to be disclosed under GAAP as liabilities or footnoted on such Person's financial statement. The amount of any accrued or accruable Contingent Obligation shall be determined in accordance with GAAP.

"Contract Rate" shall mean the rate or rates of interest (which rate shall include the applicable margin added thereto pursuant to the terms of this Agreement) per annum provided for in this Agreement which are applicable to the Loan from time to time so long as no Event of Default has occurred and is continuing. If more than one rate of interest is applicable to the Loan, then, unless the context indicates that the Contract Rate is to be determined for each Loan Portion, the Contract Rate shall be the average of such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) with such average to be weighted according to the relative size of the Loan Portions to which such different rates are applicable. The determination of the Contract Rate by Agent shall be conclusive absent manifest error.

"Control" shall mean in (a) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays dividends only on a nonparticipating basis at a fixed or floating rate), and (b) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein (calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or

distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate) or, in any case, (c) the power directly or indirectly, to direct or control, or cause the direction of, the management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms "controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Current Co-Lender"shall mean each of the Co-Lenders which is not a Defaulting Co-Lender.

"Debt Service" means with respect to any Person for any period, the sum (without duplication) of (a) Consolidated Interest Expense of such Person for such period plus (b) scheduled principal amortization of Total Debt and any unscheduled principal amortization payments actually made or required to be made during such period pursuant to a settlement of debt (giving effect to any principal payments actually made or required to be made other than scheduled balloon payments due on the applicable maturity date that are not then due or past due and voluntary prepayments) of such Person for such period (whether or not such required payments are made).

"Default" shall mean any event, act or condition which shall have occurred and which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall mean for each Loan Portion the lesser of (a) the Maximum Legal Rate or (b) the greater of (i) the rate per annum determined by adding four percent (4%) per annum to (A) the Contract Rate applicable to each Loan Portion immediately prior to a Default until the expiration of the applicable Interest Periods, and (B) the sum of the Eurodollar Rate Margin and the Eurodollar Rate for an Interest Period of one month, as the same shall adjust each month, thereafter, or (ii) the rate per annum determined by adding four percent (4%) per annum to the Base Rate as from time to time is in effect.

"Defaulting Co-Lender" shall have the meaning ascribed to it in Section 9.09(d).

"Distribution" shall mean any dividends (other than dividends payable solely in equities), distributions, return of capital to any stockholders, general or limited partners or members, distributions or delivery of property or cash to stockholders, general or limited partners or members, or any redemption, retirement, purchase or other acquisition, directly or indirectly, of any shares of any class of capital stock now or hereafter outstanding (or any options or warrants issued with respect to capital stock) general or limited partnership interest, or, without duplication, the setting aside of any funds for the foregoing; provided, however, that the foregoing definition shall not be deemed to include payments of any of the foregoing interests made in the form of salaries, bonuses, wages or similar employee compensation.

"Dollars" and the symbol "$" each mean the lawful money of the United States of America.

"Domestic Lending Office" shall mean the office set forth in Section 9.02 for Agent and the Co-Lenders, or such other office as may be designated from time to time by written notice to Borrower.

"EBITDA" shall mean with respect to any Person for any period, earnings (or losses) before interest and taxes of such Person and its Subsidiaries for such period plus, to the extent deducted in computing such earnings (or losses) before interest (including, without limitation, the interest portion of payments made under Capitalized Leases) and taxes, depreciation and amortization expense and other non-cash charges, all as determined on a consolidated basis with respect to such Person and its Subsidiaries in accordance with GAAP; provided, however, EBITDA shall exclude earnings or losses resulting from (i) cumulative changes in accounting practices, (ii) discontinued operations, (iii) extraordinary items, (iv) net income or net losses of any entity acquired in a pooling of interest transaction for the period prior to the acquisition, (v) net income or net losses of a Subsidiary or any other Loan Party that is unavailable to the Borrower or the REIT, (vi) net income or net losses not readily convertible

into Dollars or remittable to the United States, (vii) gains and losses from the sale of assets, and (viii) net income or net losses from corporations, partnerships, associations, joint ventures or other entities in which the Borrower, the REIT or a Subsidiary thereof has a minority interest and in which neither Borrower, the REIT or their Subsidiaries has Control, except to the extent actually received.

"Employee Benefit Plan" shall mean an employee benefit plan within the meaning of Section 3(3) of ERISA.

"Engineering Reports" shall have the meaning provided in Section 3.01(p).

"Environmental Indemnity" shall mean that certain environmental indemnity agreement dated the date hereof given by Borrower and the REIT to the Agent, individually as a Co-Lender and as Agent, and Lehman as Syndication Agent and Co-Lender, as the same may be supplemented or amended from time to time.

"Environmental Laws"shall have the meaning provided in the Environmental Indemnity.

"Environmental Reports" shall mean written environmental site assessments, prepared by independent qualified environmental professionals reasonably acceptable to Agent, for each Real Property Asset, containing the following: (1) a Phase I environmental site assessment analyzing the presence of environmental contaminants, polychlorinated biphenyls or storage tanks and other Hazardous Substances at each of the Real Property Assets, the risk of contamination from off-site Hazardous Substances and compliance with Environmental Laws, such assessments shall be conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, with respect to each of the Real Property Assets, (ii) an asbestos survey of each of the Real Property Assets, which shall include random sampling of materials and air quality testing, (iii) if any of the Real Property Assets is used for residential housing, an assessment of the presence of lead-based paint, lead in water and radon in the improvements (other than units that are not owned or leased by Borrower, the REIT, any other Loan Party or any Affiliate thereof), and (iv) such further site assessments Agent may reasonably require or request due to the results obtained in (i), (ii) or (iii) hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute, together with all final rules and regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any provisions of ERISA substituted therefor.

"ERISA Controlled Group" means any corporation or entity or trade or business or person that is a member of any group described in Section 414(b), (c), (m) or (o) of the Code of which Borrower, the REIT or any Guarantor is a member.

"Eurocurrency Reserve Requirements" shall mean, with respect to each day during an Interest Period for Eurodollar Portions, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Federal Reserve Board or other governmental authority or agency having jurisdiction with respect thereto for determining the maximum reserves (including, without limitation, basic, supplemental, marginal and emergency reserves) for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate" shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a period equal to such Interest Period which appears on the Telerate Page 3750 as of 11:00 a.m. (London, England time) two (2) Business Days prior to the first day of such Interest Period. The determination of the Eurodollar Base Rate by Agent shall be conclusive absent manifest error.

"Eurodollar Lending Office" shall mean the office of Agent (or any Co-Lender) designated as such by Agent from time to time by written notice to

Borrower.

"Eurodollar Portions" shall mean each portion of the Loan made and/or being maintained at a rate of interest calculated by reference to the Eurodollar Rate.

"Eurodollar Rate" shall mean with respect to each day during an Interest Period for Eurodollar Portions, a rate per annum equal to the Eurodollar Base Rate, or, if any Co-Lender is subject to Eurocurrency Reserve Requirements, whether or not such reserves are actually incurred or maintained, the average of the Eurodollar Base Rate and the Adjusted Eurodollar Base Rate (defined below), with such average to be weighted according to the percentage of the Eurodollar Portion subject to such Co-Lender's interest in the Loan and the balance of such Eurodollar Portion. The Adjusted Eurodollar Base Rate shall mean a rate per annum, determined for each day during an Interest Period in accordance with the following formula (rounded upwards to the nearest whole multiple of l/16th of one percent):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Eurodollar Rate Margin" means the applicable percentage per annum set forth in the column "Eurodollar Rate Margin" determined by reference to the column (a) "Unsecured Debt Rating of Borrower" then in effect in the event such a rating is assigned by the Rating Agencies or (b) "Leverage Ratio" then in effect in the event an Unsecured Debt Rating of Borrower has not been assigned by the Rating Agencies or the rating assigned by such Rating Agencies is worse than BBB-/Baa3, each as set forth below:

Unsecured Debt Rating of Borrower	Leverage Ratio	Eurodollar Rate Margin
	<35%	1.20%
	greater than or equal to 35% and less than or equal to 45%	1.30%
	>45%	1.45%
BBB-/Baa3		1.15%
BBB/Baa2 or better		1.10%

The Eurodollar Rate Margin for the Eurodollar Rate Portions shall be determined by reference to the Unsecured Debt Rating of Borrower or Leverage Ratio, as applicable, and any change in the Eurodollar Rate Margin shall be effective immediately following the date such Unsecured Debt Rating or Leverage Ratio, as applicable, is announced or determined, pursuant to the Compliance Certificate of Borrower.

"Event of Default" shall have the meaning provided in Section 7.

"Extension Fee" shall mean a non-refundable fee equal to 0.25% of the Facility Amount.

"Facility Amount" shall initially mean U.S. $140,000,000.00, as such amount may be permanently or temporarily reduced pursuant to Sections 2.09 or 2.12 or otherwise pursuant to the terms and conditions of this Agreement.

"Facility Fee" shall have the meaning provided in the Fee Letter.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System as constituted from time to time, or any successor thereto in function.

"Fees" shall mean all amounts payable pursuant to Sections 2.09, 2.15, 2.17 and 9.01.

"Fee Letter" shall mean that certain letter agreement between Borrower, the REIT and Lehman dated the date hereof.

"Financial Covenants" shall mean Sections 5.16, 5.17, 5.18, 5.25,

5.28, 6.07, 6.08 and 6.11.

"FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended from time to time.

"Fixed Charges" means the amount of scheduled lease payments with respect to leasehold interests or obligations of the subject Person with respect to Capitalized Leases and dividends and distributions on all classes of preferred stock or Preferred OP Units of such Person.

"Funding Costs" shall have the meaning provided in Section 2.17.

"Funds from Operations" shall mean consolidated net income (loss) before extraordinary items, computed in accordance with GAAP, plus, to the extent deducted in determining net income (loss) and without duplication, (i) gains (or losses) from debt restructuring and sales of property (or adjustments to basis of properties or other assets), (ii) non-recurring charges, (iii) provisions for losses, (iv) real estate related depreciation, amortization and other non-cash charges (excluding amortization of financing costs), and (v) amortization of organizational expenses minus, to the extent included in net income (loss) and without duplication, (a) non-recurring income and (b) equity income (loss) from unconsolidated partnerships and joint ventures less the proportionate share of funds from operations of such partnerships and joint ventures, which adjustments shall be calculated on a consistent basis.

"Furnished Information" shall have the meaning provided in Section 4.15.

"GAAP" shall mean United States generally accepted accounting principles on the date hereof and as in effect from time to time during the term of this Agreement, and consistent with those utilized in the preparation of the financial statements referred to in Section 4.05.

"Ground Lease" shall mean those ground leases described on Schedule 10 and any other ground lease that complies with the provisions set forth in Section 4.27.

"Ground Lease Estoppel" shall have the meaning provided in Section 3.01(a)(xi).

"Guarantor" shall mean the Loan Parties identified on Schedule 14 and each owner, other than the Borrower and the REIT, of an Unencumbered Asset.

"Guaranty" shall mean that certain Guaranty of Payment dated the date hereof made by the Guarantors to Agent, the Syndication Agent and the Co-Lenders, as the same may be supplemented or amended from time to time.

"Hazardous Substances" shall have the meaning provided in the Environmental Indemnity.

"Improvements" shall mean any building, structure, fixture, addition, enlargement, extension, modification, repair, replacement or improvement now or hereafter located or erected on any Real Property Asset.

"Increased Capital Costs" shall have the meaning provided in Section 2.18.

"Indebtedness" of any Person shall mean, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (iii) the outstanding undrawn amount of all letters of credit issued for the account of such Person and, without duplication, all un-reimbursed amounts drawn thereunder, (iv) all indebtedness of any other person or entity secured by any Lien on any property owned by such Person, whether or not such

indebtedness has been assumed, (v) all Contingent Obligations of such Person, (vi) all Unfunded Benefit Liabilities of such Person, (vii) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, (viii) all indebtedness and liabilities of such Person secured by any Lien or mortgage on any property of such Person, whether or not the same would be classified as a liability on a balance sheet, (ix) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (x) the aggregate principal amount of rentals or other consideration payable by such Person in accordance with GAAP over the remaining unexpired term of all Capitalized Leases of such Person, (xi) all judgments or decrees by a court or courts or competent jurisdiction entered against such Person, (xii) all indebtedness, payment obligations, contingent obligations, etc. of any partnership in which such Person holds a general partnership interest, provided that if such indebtedness is non-recourse, only the portion of such indebtedness equal to such Person's percentage ownership interest in such partnership shall be included in this definition, (xiii) all convertible debt and subordinated debt owed by such Person, (xiv) all Preferred OP Units (if any) and preferred stock issued by such Person that, in either case, are redeemable for cash on a mandatory basis, a cash equivalent, a note receivable or similar instrument or are convertible on a mandatory basis to Indebtedness as defined herein (other than Indebtedness described in clauses (iii), (vi), (x), (xi) or (xiv) of this definition), and (xv) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with GAAP, but excluding (A) all general contingency reserves and reserves for deferred income taxes and investment credit and (B) all customary trade payables and accrued expenses not more than sixty (60) days past due and (C) any indebtedness of such Person evidenced by a note or notes that is secured by a pledge of cash or Cash Equivalents with a value equal to or greater than the amount of the related indebtedness and which generates cash flow sufficient to pay all sums due on such indebtedness when the same are due and payable.

"Indemnitee" shall have the meaning provided in Section 9.01(c).

"Intercreditor Agreement" shall have the meaning provided in

Section 9.04.

"Interest Period" shall have the meaning provided in Section 2.06.

"Investment Grade Tenant" shall mean any tenant which has an

Unsecured Debt Rating of BBB- or better as assigned by S&P or Baa3 or better as assigned by Moody's.

"Leases" shall mean all leases and other agreements, whether or not
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in writing, to which an owner of a Real Property Asset is a party or by which such owner is bound, pursuant to which a Person is permitted to use, enjoy or occupy all or any portion of any Real Property Asset, whether heretofore or hereafter entered into.

"Leverage Ratio" means, with respect to the REIT, the Borrower and
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their Consolidated Subsidiaries, the ratio, expressed as a percentage, of (a) such Person's Total Debt to (b) the Total Value of such Person's Assets.

"Lien" shall mean any mortgage, deed of trust, pledge,
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hypothecation, collateral assignment, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, inchoate liens arising under ERISA to secure the Contingent Liabilities of Borrower, the REIT, or any Loan Party, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction, domestic or foreign in connection with the creation of a security interest.

"Loan" shall mean, in the aggregate, the then outstanding and
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unpaid Advances made to Borrower under this Agreement and the Note pursuant to the terms hereof, the aggregate outstanding principal amount of which shall not exceed at any time the Facility Amount.

"Loan Documents" shall mean this Agreement, the Note, the Guaranty, the Environmental Indemnity, the Subordination of Management Agreement, the Ground Lease Estoppel, the Intercreditor Agreement, and any other documents or instruments evidencing, securing or guaranteeing the Loan.

"Loan Party" shall mean, individually and collectively, as the context requires, Borrower, the REIT, each Guarantor, and the general partners of Borrower if Borrower is a limited partnership, and the managing members of Borrower if Borrower is a limited liability company.

"Loan Portion" shall mean the Base Rate Portion and each Eurodollar Portion of the Loan.

"Majority Co-Lenders" shall have the meaning provided in the Intercreditor Agreement, provided that prior to Syndication, it shall mean the Lender. With respect to the provisions of this Agreement requiring the consent, approval, disapproval or determination of the Majority Co-Lenders, each Current Co-Lender's Pro Rata Interest shall be used as the means of calculating the Majority Co-Lenders and the term "Majority Co-Lenders" shall mean those Current Co-Lenders whose Pro Rata Interests, at any time, in the aggregate, is equal to or greater than the percentage prescribed in Intercreditor Agreement based solely on the aggregate owned by all Current Co-Lenders; the Pro Rata Interests in the Loan of Defaulting Co-Lenders shall not be taken into account in the calculation of the Majority Co-Lenders.

"Management Agreements" shall mean those management agreements described on Schedule 15, and any subsequent management agreements entered into pursuant to Section 5.21.

"Manager" shall mean SL Green Management LLC or another wholly owned Affiliate or Subsidiary of Borrower.

"Margin Stock" shall have the meaning provided such term in Regulation U and Regulation G of the Federal Reserve Board.

"Material Adverse Effect" shall mean any condition which has a material adverse effect upon (i) the business, operations, properties, assets or condition (financial or otherwise) of Borrower or the REIT or any of the Loan Parties, taken as a whole, or (ii) the ability of Borrower or the REIT or the Loan Parties to perform, or of Agent, or any Co-Lender to enforce, any of the Obligations.

"Maturity Date" shall mean December 18, 2000, as such date may be extended pursuant to Section 2.09(b) or such earlier date on which the principal balance of the Loan and all other sums due in connection with the Loan shall be due as a result of the acceleration of the Loan.

"Maximum Legal Rate" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"Minimum Capital Expenditure Reserves" shall mean, for any Real Property Asset, $0.40 per net rentable square foot of such Real Property Asset per annum, or, for any shorter period, such amount multiplied by a fraction the numerator of which is the length of the applicable period in months (or portions thereof) and the denominator of which is 12.

"Minimum Leasing Commission Reserves" shall mean for any Real Property Asset, $0.51 per net rentable square foot of such Real Property Asset per annum, or, for any shorter period, such amount multiplied by a fraction the numerator of which is the length of the applicable period in months (or portions thereof) and the denominator of which is 12.

"Minimum Management Fees" shall mean three percent (3%) of Rents from the related Real Property Asset for the three (3) month period

immediately preceding the calculation.

"Minimum Reserves" shall mean the sum of Minimum Capital Expenditure Reserves, Minimum Tenant Improvement Reserves and Minimum Leasing Commission Reserves.

"Minimum Tenant Improvement Reserves" shall mean for any Real Property Asset, $1.78 per net rentable square foot of such Real Property Asset per annum, or, for any shorter period, such amount multiplied by a fraction the numerator of which is the length of the applicable period in months (or portions thereof) and the denominator of which is 12.

"Moody's" shall mean Moody's Investor Service, Inc.

"Multiemployer Plan" shall mean a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Operating Income" shall mean, with respect to any Real Property Asset, for the period of determination, the Rents derived from the customary operation of such Real Property Asset, less Operating Expenses attributable to such Real Property Asset, and shall include only the sum of (i) the Rents received or expected to be received, and earned in accordance with GAAP, pursuant to Leases in place under which the tenant is in occupancy of the premises demised thereunder (unless such tenant has not taken occupancy due to tenant improvement work or tenant build-out that is not the subject of dispute and is not yet completed) on the date of such calculation and under which Tenant is on a full rent paying basis and is not more than thirty (30) days delinquent in such rent payments, plus (ii) other income actually received and earned in accordance with GAAP with respect to such Real Property Asset, plus (iii) rent loss or business interruption insurance proceeds received or expected to be received during or relating to such period due to a casualty that has occurred prior to the date of calculation plus (iv) parking or other income, less Operating Expenses actually paid or payable on an accrual basis in accordance with GAAP attributable to such Real Property Asset during such period, as set forth on operating statements and schedules reasonably satisfactory to Agent. Net Operating Income shall be calculated in accordance with customary accounting principles applicable to real estate. Notwithstanding the foregoing, Net Operating Income shall not include (i) any condemnation or insurance proceeds (excluding rent loss or business interruption insurance proceeds as described above), (ii) any proceeds resulting from the sale, exchange, transfer, financing or refinancing of all or any portion of the Real Property Asset for which it is to be determined, (iii) amounts received from tenants as security deposits unless actually applied toward the payment of rent or additional rent in accordance with the terms of such tenant's lease, (iv) interest income and (v) any type of income otherwise included in Net Operating Income but paid directly by any tenant to a Person other than Borrower or a Loan Party or its agents or representatives.

"Net Worth" shall mean, with respect to a Person, consolidated net worth as calculated in accordance with GAAP.

"New Manager" shall have the meaning provided in Section 5.21.

"Non-use Fee" shall have the meaning provided in Section 2.15(a).

"Non-use Fee Due Date" shall mean the date which is five (5) business days after the date Agent has furnished Borrower with an invoice showing the amount of the quarterly Non-use Fee and a detailed calculation of the same in accordance with Section 2.15.

"Note" shall have the meaning provided in Section 2.04.

"Notice of Borrowing" shall have the meaning provided in Section 2.02.

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.08.

"Obligations" shall mean all payment, performance and other
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obligations, liabilities and indebtedness of every nature of (i) Borrower and the REIT from time to time owing to Agent or any Co-Lender under or in connection with this Agreement or any other Loan Document, or (ii) the REIT and the other Loan Parties under or in connection with the Guaranty or any other Loan Documents.

"Occupancy Level" shall mean, for each Real Property Asset, the
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percentage of rentable square feet in such Real Property Asset actually occupied by tenants under their respective Leases on a full rent paying basis or during any free rent period provided for in such Lease. For purposes of this definition, if a tenant has sublet all or a portion of the premises demised under its Lease, and such subtenant is actually occupying such premises or portion thereof, the tenant shall be deemed to be actually occupying such premises or portion thereof, as the case may be.

"110 E. 42nd Street" shall mean that certain Real Property Asset
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located at 110 E. 42nd Street, New York, New York.

"Operating Entities" shall mean those partnership or limited
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liability companies set forth on Schedule 3, as such Schedule may be amended or supplemented from time to time, and any partnership or limited liability company, in which the Borrower or the REIT, own singly or together, a majority or all of the economic interest therein and either the Borrower or the REIT, either directly or indirectly, is the sole managing general partner or sole managing member.

"Operating Expenses" shall mean, with respect to any Real Property
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Asset, for any given period (and shall include the pro rata portion for such period of all such expenses attributable to, but not paid during, such period), all out-of-pocket expenses to be paid or payable, as determined in accordance with GAAP, by Borrower, the REIT or the applicable Loan Party during that period in connection with the operation of such Real Property Asset for which it is to be determined, including without limitation and without duplication:

(i) expenses for cleaning, repair, maintenance, decoration and painting of the such Real Property Asset (including, without limitation, parking lots and roadways), net of any insurance proceeds in respect of any of the foregoing;

(ii) wages (including overtime payments), benefits, payroll taxes and all other related expenses for Borrower's, the REIT's or other Loan Party's on-site personnel, up to and including (but not above) the level of the on-site manager, engaged in the repair, operation and maintenance of such Real Property Asset and service to tenants and on-site personnel engaged in audit and accounting functions performed by Borrower, the REIT or the applicable Loan Party;

(iii) management fees pursuant to the Management Agreement, but in no event less than the Minimum Management Fees. Such fees shall include all fees for management services whether such services are performed at such Real Property Asset or off-site;

(iv) the cost of all electricity, oil, gas, water, steam, heat, ventilation, air conditioning and any other energy, utility or similar item and the cost of building and cleaning supplies;

(v) the cost of any leasing commissions and tenant concessions or improvements payable by Borrower, the REIT or any Loan Party pursuant to any leases which are in effect for such Real Property Asset at the commencement of that period as such costs are recognized in accordance with GAAP, but in no event less than the Minimum Leasing Commission Reserves and Minimum Tenant Improvement Reserves with respect to such period, respectively;

(vi) rent, liability, casualty, fidelity, errors and omissions, liability, workmen's compensation and other insurance premiums;

(vii) legal, accounting and other professional fees and expenses;

(viii) the cost of all equipment to be used in the ordinary course of business, which is not capitalized in accordance with GAAP.

(ix) real estate, personal property and other taxes;

(x) advertising and other marketing costs and expenses;

(xi) the Minimum Capital Expenditure Reserves;

(xii) casualty losses to the extent not reimbursed by an independent third party; and

(xiii) if applicable, all common area charges, maintenance charges and other assessments or charges under any condominium regime.

Notwithstanding the foregoing, Operating Expenses shall not include (i) depreciation or amortization or any other non-cash item of expense; (ii) interest, principal, fees, costs and expense reimbursements of Agent and the Co-Lenders in administering the Loan; or (iii) any expenditure (other than leasing commissions, tenant improvement costs and replacement reserves as described above) which is properly treatable as a capital item under GAAP.

"OP Units" shall mean the Common OP Units and the Preferred OP Units.

"Other Assets" shall mean all Assets of a Person that are not Real Property Assets.

"Participant" shall have the meaning provided in Section 9.09(i).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established under ERISA, or any successor thereto.

"Permitted Investments" shall mean, at any time, (a) fee simple or leasehold interests (which comply with the requirements of Section 4.27) owned entirely by the Borrower in real property located in the borough of Manhattan, City of New York, New York and improved by fully operational Class B or better office buildings, provided however, that fifteen percent (15%) of the Total Value of such Assets may be real property located outside of the borough of Manhattan, and (b) all of the categories of investments, as limited individually as a percentage of the Total Value of all of Borrower's consolidated Assets in the table below, which, when combined, shall be not in excess of the lesser of (i) thirty percent (30%) of Borrower's Net Worth as of the date of calculation, and (ii) fifteen percent (15%) of the Total Value of all of Borrower's consolidated Assets as of the date of calculation:

Permitted Investment	Maximum percentage of Total Value of Borrower's Consolidated Assets
Mortgages, deeds of trust, deeds to secure debt or similar instruments or receivables that are a Lien on real property which are improved by fully operational Class B or better office buildings and secure indebtedness evidenced by a note or bond (excluding the Bar Building Mortgages)	15%
Partnerships or limited liability companies in which the Borrower owns a majority of the economic interest and the Borrower, either directly or indirectly, is the sole managing general partner or the sole managing member and which partnership or limited liability company primarily owns real properties which are improved by fully operational Class B or better office buildings, and further, that the Borrower or a Subsidiary thereof is both the managing agent and leasing agent of such properties.	15%
Partnerships or limited liability companies in which the Borrower either (a) owns less than a majority of the economic interest and/or (b) is the not the sole managing general partner and/or (c) is not the sole managing member, but is the both the managing and leasing agent (either directly or indirectly) and which partnership or limited liability company primarily owns real properties which are improved by fully operational Class B or better office buildings	10%

For purposes of calculating the foregoing: (A) the amount of each Permitted Investment will be deemed to be the Book Value of such Asset; and (B) partnerships and limited liability companies for purposes of determining Permitted Investments shall not include partnerships and limited liability companies that are wholly owned and controlled by the Partnership, either

directly or indirectly. Undeveloped land and land that is then being developed are also not Permitted Investments. In addition, Permitted Investments which relate to investments in (1) direct fee or leasehold interests on, (2) mortgages or other security instruments on, or (3) interests in entities owning, real property not located in the borough of Manhattan, City of New York, New York, shall not in the aggregate exceed, without duplication, fifteen percent (15%) of the Total Value of Borrower's consolidated Assets. Notwithstanding the foregoing, the Borrower's investment in (x) the mortgage encumbering 1372 Broadway, New York, New York, as more fully described in Schedule 13, shall be deemed a Permitted Investment during the period commencing on the Closing Date and ending on March 1, 1998, (y) the 17 Battery Place Mortgage shall be deemed a Permitted Investment, and (z) SLG 17 Battery LLC's tenancy-in-common interest in 17 Battery Place, as more fully described in Schedule 13, shall be deemed a Permitted Investment, notwithstanding that in each case it may otherwise breach the limitations set forth above with respect to the maximum percentage of Borrower's Net Worth and Total Value of Borrower's consolidated Assets; provided, however, that the Permitted Investment limitations set forth above shall be deemed to have been utilized due to the 1372 Broadway mortgage and 17 Battery Place Mortgage and tenancy-in-common interest, and any further investments in mortgages and partnership interests, shall be subject to the Permitted Investment limitations after consideration of the inclusion of the 1372 Broadway mortgage and 17 Battery Place Mortgage and tenancy-in-common interests. Any modification, waiver or amendment of the limitations on Permitted Investments set forth above shall be subject to the consent or approval of the Majority Co-Lenders.

"Permitted Liens" shall have the meaning provided in Section 6.03.

"Person" shall mean and include any individual, partnership, joint
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venture, firm, corporation, limited liability company, association, company, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Plan" means any employee benefit plan subject to the provisions
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of Title IV of ERISA or which is subject to the provisions of Section 412 of the Code or Section 302 of ERISA, for which Borrower, any other Loan Party or any member of either of their ERISA Controlled Group has any obligation or liability, or potential obligation or liability, whether direct or indirect.

"Plan Asset Entity" shall mean any "employee benefit plan" as
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defined in ERISA, any "plan" as defined in Section 4975 of the Code, and any entity any portion or all of the assets of which are deemed pursuant to United States Department of Labor Regulation Section 2510.3-101 or otherwise pursuant to ERISA or the Code to be, for any purpose of ERISA or Section 4975 of the Code, assets of any such "employee benefit plan" or "plan" which invests in such entity.

"Policies" shall have the meaning provided in Section 5.03(c).

"Post-Closing Repairs" shall have the meaning provided in Section
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5.27(b).

"Preferred OP Units" shall mean those limited partnership interests
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(if any) in the Borrower having a priority or preferred status (relative to all other limited partnership interests in the Borrower) with respect to distributions or returns of the holders of such units.

"Pro Rata Interest" shall mean the proportionate share of each Co
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Lender in the Loan, this Agreement, the other Loan Documents and the obligations to make Advances pursuant to the terms of this Agreement. Notwithstanding the foregoing, with respect to any approvals, consents or determinations that are to be made by the Majority Co-Lenders, Pro Rata Interest shall mean, with respect to each Current Co-Lender, a percentage equal to the amount of the Loan owned by such Current Co-Lender divided by the aggregate amount of the Loan owned by all of the Current Co-Lenders, multiplied by 100.

"Purchase Price" shall mean, with respect to any Real Property
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Asset, the actual purchase price paid for the Real Property Asset, including the actual outstanding principal balance of any mortgage liens to which title was taken subject or were granted to an independent third party lender or to

the seller to finance the purchase of such Real Property Asset only, but excluding all closing costs, (e.g., transfer taxes, mortgage taxes, title insurance premiums) and excluding all closing adjustments.

"Qualifying Insurer" shall have the meaning provided in Section 5.03(c).

"Quarter" shall mean a period of ninety (90) days.

"Rating Agencies" shall mean both Standard & Poor's Rating Services and Moody's Investor Service, Inc. If either of such agencies discontinue its rating of Borrower or the REIT or its ratings of real estate investment trusts generally, Agent and the Majority Co-Lenders shall, within six (6) months of such discontinuance, agree upon another nationally recognized statistical ratings agency that assigns a rating to Borrower and the REIT ("Substitute Rating Agency"), and the term Rating Agencies shall include such Substitute Rating Agency. During any time that only one Rating Agency is assigning a rating to Borrower and the REIT, that agency's rating shall be used for all calculations under this Agreement.

"REIT" shall have the meaning set forth in the opening paragraph of this Agreement.

"Real Property Assets" shall mean the real property set forth on Schedules 2A and 2B, as such Schedules may be amended or supplemented from time to time, and all real property owned, directly or indirectly, wholly or partly, by Borrower, the REIT, any Operating Entity or any other Loan Party (including, without limitation, all Unencumbered Assets), subject to the conditions of Sections 6.10.

"Recourse Indebtedness" of any Person means all Indebtedness of such Person and its Subsidiaries for which recourse for payment may be made against such Person for the obligations secured thereunder. For purposes of this definition, if only a portion of such Indebtedness is recourse to such Person the entire amount of such Indebtedness shall be deemed to be Recourse Indebtedness.

"Register" shall have the meaning provided in Section 9.09.

"Regulation D" shall mean Regulation D of the Federal Reserve Board as from time to time in effect and any successor to all or any portion thereof.

"Rents" shall mean all income, rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) and all pass-throughs and tenant's required contributions for taxes, insurance, maintenance costs, utilities, tenant improvements, leasing commissions, capital expenditures and other items accrued to Borrower or any Loan Party from the Real Property Assets (other than tenant security deposits).

"Reportable Event" has the meaning set forth in Section 4043(c)(3), (5), (6) or (13) of ERISA (other than a Reportable Event as to which the provision of 30 days' notice to the PBGC is waived under applicable regulations).

"Responsible Officer" means the Chairman of the Board, President, the Chief Operating Officer, the Chief Financial Officer, the Chief Executive Officer, the Executive Vice President or the Senior Vice President-Finance of the REIT.

"Restoration" shall have the meaning provided in Section 5.03(h).

"S&P" shall mean Standard & Poor's Rating Services.

"Secured Indebtedness" shall mean, with respect to any Person, the outstanding principal balance of all Indebtedness which is secured by any

collateral or Assets of such Person and is evidenced by a promissory note or other instrument or written agreement. For purposes of this definition, Secured Indebtedness shall also include all Unsecured Debt (excluding the Guaranty) of all Subsidiaries and Affiliates of such Person.

"Secured Recourse Indebtedness" shall mean, with respect to any
Person, all Secured Indebtedness that is also Recourse Indebtedness, including, without limitation, Capitalized Leases of the related Real Property Assets of such Person.

"17 Battery Place" shall mean that certain Real Property Asset
located at 17 Battery Place, New York, New York.

"17 Battery Place Cash Collateral Agreement" means that certain
Cash Collateral Agreement dated December 19, 1997 between 17 Battery Upper Partners and SLG 17 Battery LLC.

"17 Battery Place Mortgage" means that certain mortgage dated
December 19, 1997 in the principal amount of $15,500,000.00 granted by 17 Battery Upper Partners to Borrower on 17 Battery Upper Partner's tenancy-in-common interest in 17 Battery Place, together with the note or notes secured thereby.

"17 Battery Place Tenancy Agreement" shall mean that certain
tenancy-in-common agreement dated December 19, 1997 between SLG 17 Battery LLC and 17 Battery Upper Partners with respect to 17 Battery Place.

"17 Battery Place Transaction Documents" means the 17 Battery Place
Tenancy Agreement, the 17 Battery Place Mortgage, the Agreement of Sale, the 17 Battery Place Cash Collateral Agreement and other documents evidencing, guaranteeing or securing the obligations under the foregoing documents.

"17 Battery Upper Partners" shall mean 17 Battery Upper Partners
LLC, a New York limited liability company.

"Settlement Agreement" shall mean that certain settlement agreement
dated June 28, 1996 between the Bar Building Mortgagor and The Travellers Insurance Company, as amended by that certain First Amendment to Settlement Agreement and First Amendment to Consent, Direction and Recognition Agreement, each dated June 28, 1996 between the Bar Building Mortgagor and The Travellers Insurance Company, as the same may be modified, amended or supplemented from time to time.

"Solvent" as to any Person shall mean that (i) the sum of the
assets of such Person, at a fair valuation based upon appraisals or comparable valuation, will exceed its liabilities, including contingent liabilities, (ii) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (iii) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means
(x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such Contingent Liabilities, such liabilities shall be computed in accordance with GAAP at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"Subordination of Management Agreement" shall mean a Subordination
of Management Agreement substantially in the form set forth as Exhibit "F" hereto.

"Subsidiary" of any Person shall mean and include (i) any
corporation Controlled by such Person, directly or indirectly through one or

more intermediaries, and (ii) any partnership, association, joint venture or other entity Controlled by such Person, directly or indirectly through one or more intermediaries and (iii) all of the parties listed as Subsidiaries on Schedule 3.

"Substantial Asset" shall mean Real Property Assets of Borrower, the REIT and any other Loan Party which, in the aggregate, constitutes more than 15% of the consolidated Net Operating Income of Borrower, the REIT and the other Loan Parties, derived from all Real Property Assets.

"Substitute Rating Agency" shall have the meaning provided in the definition of "Rating Agencies".

"Syndication" shall have the meaning provided in Section 9.09(c).

"Syndication Agent" shall have the meaning provided in the opening paragraph of this Agreement.

"Taxes" shall have the meaning provided in Section 2.19.

"Telerate Page 3750" means the display designated as "Page 3750" on the Telerate Service (or such other page as may replace Page 3750 on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar deposits).

"Term Loan" shall mean that certain loan made pursuant to a loan agreement dated August 20, 1997, between Lehman and New Green 50W23 Realty LLC, secured by property known as 50 West 23/rd/ Street, New York, New York.

"Termination Event" shall mean (i) a Reportable Event, or (ii) the initiation of any action by Borrower, any member of Borrower's or any other Loan Party's ERISA Controlled Group or any other person to terminate a Plan or the treatment of an amendment to an ERISA Plan as a termination under ERISA, in either case, which would result in liability to Borrower, any Loan Party or any of their ERISA Controlled Group in excess of $500,000, (iii) the institution of proceedings by the PBGC under Section 4042 of ERISA to terminate an ERISA Plan or to appoint a trustee to administer any ERISA Plan, (iv) any partial or total withdrawal from a Multiemployer Plan which in either case, which would result in liability to Borrower, any Loan Party or any of their ERISA Controlled Groups in excess of $500,000 or (v) the taking of any action would require security to the Plan under Section 401(a)(29) of the Code.

"Title Policies" shall have the meaning provided in Section 3.01(j).

"Title Searches" shall mean (i) reports of UCC, tax lien, judgment and litigation searches with respect to any Person and (ii) searches of title to each of the Real Property Assets.

"Total Debt" means with respect to any Person at any time, all Indebtedness of such Person as determined on a consolidated basis in accordance with GAAP plus projected amortization of tenant improvement costs and leasing commissions over the succeeding twelve (12) months which are capitalized as of the date of determination in accordance with GAAP (assuming amortization on a straight line basis over the related base lease term).

"Total Unencumbered Asset Value" means the sum, without duplication, of the aggregate value of all Unencumbered Assets, calculated as of the date of determination as follows:

(i) for Unencumbered Assets that have been owned or leased for less than three (3) months prior to the date of determination, an amount equal to ninety-five percent (95%) of the Purchase Price for such Unencumbered Assets; and

(ii) for Unencumbered Assets that have been owned for more than three (3) months prior to the date of determination, the Adjusted NOI

for such Unencumbered Assets divided by 0.10; and

(iii) notwithstanding the foregoing, provided that 110 E. 42/nd/ Street is an Unencumbered Asset, until June 1, 1999 (the initial Appraisal Period), the value for 110 E. 42/nd/ Street shall be equal to $28,100,000.00; provided that, in the event of a material casualty to, or condemnation of, 110 E. 42/nd/ Street, the value of 110 E. 42/nd/ Street shall be calculated in accordance with clause (i) or (ii) above, as applicable; upon completion of restoration (or upon the expiration of the initial Appraisal Period), Borrower may deliver a then current Appraisal of 110 E. 42/nd/ Street reasonably satisfactory to the Majority Co-Lenders, and the value of 110 E. 42/nd/ Street for the Appraisal Period beginning on the date of such then current Appraisal shall be the appraised value pursuant to said Appraisal.

Provided that if SLG 17 Battery LLC's tenancy-in-common interest in 17 Battery Place is an Unencumbered Asset, the value for 17 Battery Place shall be calculated solely on the basis of the Purchase Price of, or the Adjusted NOI from, as applicable, the tenancy-in-common interest owned by the SLG 17 Battery LLC.

"Total Value" means the sum, without duplication, of (i) the Total Unencumbered Asset Value and (ii) the aggregate value of all Assets of Borrower on a consolidated basis that are not Unencumbered Assets, calculated as of the date of determination as follows:

(i) for Real Property Assets (other than Unencumbered Assets) that have been owned for less than three (3) months prior to the date of determination, an amount equal to ninety-five percent (95%) of the Purchase Price for such Real Property Assets;

(ii) for Real Property Assets (other than the Unencumbered Assets) that have been owned for more than three (3) months prior to the date of determination, the Adjusted NOI for such Real Property Assets divided by 0.10;

(iii) for Permitted Investments (other than the Unencumbered Assets and other Real Property Assets), the Book Value of such Assets; and

(iv) Borrower's unrestricted cash and Cash Equivalents as of the date of determination, calculated in accordance with GAAP.

"Transaction Costs" shall mean all costs and expenses paid or payable by Borrower or any other Loan Party relating to the Transactions including, without limitation, the costs and expenses of the Syndication Agent and Agent in conducting its due diligence with respect to the Transactions, financing fees, commitment fees, advisory fees, reasonable legal fees, reasonable accounting fees, and title insurance charges, whether directly or as reimbursement to the Syndication Agent or Agent.

"Transactions" shall mean each of the transactions contemplated by the Loan Documents.

"Transfer And Escrow Agreement" shall mean that certain Transfer and Escrow Agreement dated June 28, 1996 between the Bar Building Mortgagor, The Travellers Insurance Company and Chicago Title Insurance Company, as escrow agent, as the same may be modified, amended or supplemented.

"Transferee" shall have the meaning provided in Section 9.07.

"Treasury Rate" shall mean the semi-annual yield (without de-compounding), as reported in The Wall Street Journal (or if such rate is not published therein, in the Federal Reserve Statistical Release H.15 - Selected Interest Rates under the heading "U.S. Government Securities/Treasury constant maturities") on the date of calculation (provided, however, if such date is not a Business Day, then on the next succeeding Business Day) for the current U.S. Treasury security with a maturity date most closely approximating the date which is 10 years from such date of calculation, plus 2.75%. In the event such rate is not published in either The Wall Street Journal or Release H.15, Agent shall select a comparable publication to determine the Treasury Rate.

"Type" shall mean the type of any portion of the Loan determined

with respect to the interest option applicable thereto, i.e., the Base Rate Portion or a Eurodollar Portion.

"UCC Searches" shall have the meaning provided in Section 3.01(g).

"Unencumbered Assets" shall mean those Real Property Assets set forth on Schedule 1, as such Schedule may be amended or supplemented from time, (i) against which there are no liens or encumbrances except for Permitted Liens, (ii) with respect to which Borrower has complied with all the requirements of Sections 2.25 and 3.01, (iii) which are improved by Class B (or better) office buildings, (iv) which are free of all material structural and title defects and other material adverse matters; (v) which are (i) in compliance, in all material respects, with all applicable Environmental Laws, and (ii) do not contain any Hazardous Substances, in each case as initially verified by an Environmental Report reasonably satisfactory to the Agent; (vi) which have an Occupancy Level of 70% per better (or, with respect to 110 E. 42nd Street, 65% or better) provided that the weighted average Occupancy Level for all Unencumbered Assets is 85% or better; (vii) which are 100% owned in fee simple by, or 100% leased pursuant to a Ground Lease (which has been approved by the Majority Co-Lenders) to, the Borrower or a Subsidiary of Borrower that is wholly owned, directly or indirectly, by Borrower; notwithstanding the foregoing, the Bar Building Asset and SLG 17 Battery LLC's tenancy-in-common interest in 17 Battery Place shall both be deemed an Unencumbered Asset provided that each complies with all the other conditions set forth herein; (viii) which are managed by Borrower or a wholly owned Affiliate or Subsidiary of Borrower; and (ix) which Agent and the Majority Co-Lenders have agreed in writing are to be deemed Unencumbered Assets for purposes of this Agreement pursuant to Section 2.25; provided, however, that if a Bar Building Event of Default has occurred and is continuing or the Bar Building Mortgagor or the Bar Building is subject to or is an asset in any bankruptcy or similar insolvency proceeding, the Bar Building Asset shall not be treated as an Unencumbered Asset and provided, further that (a) if Borrower's interest in the 17 Battery Place Mortgage is sold, transferred, assigned, pledged or otherwise encumbered, or (b) if any default occurs and continues beyond the expiration of any applicable notice or cure period under any of the 17 Battery Place Transaction Documents, or (c) 17 Battery Upper Partners or 17 Battery Place is subject to or is an asset in any bankruptcy or similar insolvency proceeding or subject to a federal tax lien or claim, SLG 17 Battery LLC's tenancy-in-common interest in 17 Battery Place shall not be treated as an Unencumbered Asset.

Any Asset which complies with all the requirements for an Unencumbered Asset and which is owned by a Subsidiary of Borrower shall not be deemed an Unencumbered Asset unless there are no liens or encumbrances on any stock, limited partnership, member or other beneficial interest in such entity except for Permitted Liens.

"Unfunded Benefit Liabilities" means with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefit liabilities under such Plan as defined in Section 4001(a)(16) of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan (on the basis of assumptions prescribed by the PBGC for the purpose of Section 4044 of ERISA).

"Unsecured Debt" shall mean, with respect to a Person, the outstanding principal balance of all Indebtedness which is not secured by any collateral or Assets of such Person and which is evidenced by a promissory note or other instrument or written agreement, including without limitation, the outstanding principal balance of the Loan and including all Capitalized Leases of Unencumbered Assets.

"Unsecured Debt Rating" shall mean with respect to a Person, the rating assigned by the Rating Agencies to such Person's long term unsecured debt obligations; provided, however, that if such ratings are not equivalent, the lower rating shall apply.

SECTION 2. AMOUNT AND TERMS OF REVOLVING CREDIT FACILITY.

Section 2.01 Advances. (a) Subject to and upon the terms and conditions herein set forth, Lender and each Co-Lender agrees, at any time and from time to time on and after the Closing Date and prior to the Maturity Date, to make its pro rata share of Advances to Borrower, which Advances

shall not exceed in aggregate principal amount at any time outstanding, the Facility Amount at such time.

(b) Advances may be voluntarily prepaid pursuant to Section 2.11, and, subject to the other provisions of this Agreement, including, without limitation, Sections 2.09, 2.10 and 2.12, any amounts so prepaid may be re-borrowed prior to the Maturity Date. All outstanding Advances shall mature on the Maturity Date, without further action on the part of Agent or any Co-Lender.

(c) Each Advance of the Loan shall be in the aggregate minimum amount of One Million Dollars (U.S. $1,000,000.00) or any integral multiple of One Hundred Thousand Dollars (U.S. $100,000.00) in excess thereof. No Advance shall be made after the Maturity Date.

(d) The obligation of Lender and each Co-Lender to make their pro rata share of each Advance of the Loan is several and not joint. Neither Agent, Lender nor any Co-Lender shall be liable for the failure of any other Co-Lender to fund its pro rata share of any Advance hereunder.

Section 2.02 Notice of Borrowing. Whenever Borrower desires an Advance hereunder, it shall give Agent at Agent's office prior to 10:00 A.M., New York City time, telex, facsimile, or telephonic notice (promptly confirmed in writing) of each Advance to be made hereunder, at least three (3) Business Days prior to such Advance being made with respect to Eurodollar Portions, and at least one (1) Business Day prior to such Advance being made with respect to Base Rate Portions. Each such notice (a "Notice of Borrowing") (i) shall be irrevocable, (ii) shall be executed on behalf of Borrower and the REIT by a Responsible Officer of Borrower or of the REIT, (iii) shall specify (w) the aggregate principal amount of the requested Advance, (x) the date of Borrowing (which shall be a Business Day), (y) the initial Interest Period to be applicable thereto and (z) the Type of Advance, (or, if at the time of such request, Eurodollar Loan Portions are not available pursuant to Section 2.16, that such Advance shall be a Base Rate Portion), (iv) shall certify that, taking into account the amount of the requested Advance, to the best of Borrower's knowledge, no Default or Event of Default has occurred and is continuing, all provisions of the Loan Documents including, but not limited to the Financial Covenants, will be complied with after giving effect to such Advance, (v) shall contain a description of the intended use of the Advance and (vi) shall be in the form annexed hereto as Exhibit "A".

Agent shall, upon determining the Eurodollar Rate for any Interest Period, promptly notify Borrower thereof.

Section 2.03 Disbursement of Funds. No later than 2:00 P.M., New York City time on the date specified in each Notice of Borrowing, provided all conditions precedent to the making of such Advance have been complied with, Agent will make available to Borrower by disbursing to or at the direction of Borrower, or by depositing in Borrower's account at Agent's office, the amount of the requested Advance to the extent that Agent has received, in immediately available federal funds, each Co-Lender's pro rata share of such Advance from each Co-Lender.

Section 2.04 The Note. (a) Borrower's and the REIT's obligation to pay the principal of, and interest on, the Loan shall be evidenced by the promissory note (as amended, modified, supplemented, extended or consolidated, the "Note") duly executed and delivered by Borrower and the REIT substantially in the form of Exhibit "B" hereto in a principal amount equal to the Facility Amount with blanks appropriately completed in conformity herewith. The Note shall (i) be payable to the order of Agent, on behalf of the Co-Lenders, (ii) be dated the Closing Date, and (iii) mature on the Maturity Date. If required by a Co-Lender that is not a Co-Lender as of the date hereof, Borrower and the REIT hereby agree to execute a supplemental Note in the principal amount of such Co-Lender's pro rata share of the Facility Amount, substantially in the form of Exhibit "B" hereto, with blanks appropriately completed, and such supplemental Note shall (i) be payable to order of Agent, on account of such Co-Lender, (ii) be dated as of the Closing Date, and (iii) mature on the Maturity Date. Such supplemental Note shall provide that it evidences a portion of the existing indebtedness hereunder and not any new or additional indebtedness of Borrower or the REIT.

(b) Agent is hereby authorized, at its option, (i) to endorse on the schedule attached to each Note (or on a continuation of such schedule attached to each such Note and made a part thereof) an appropriate notation evidencing the date and amount of each Advance evidenced thereby and the pro rata share thereof of each Co-Lender, and the date and amount of each principal and interest payment in respect thereof, and/or (ii) to record such

Advances and such payments in its books and records. Such schedule or such books and records, as the case may be, shall be conclusive and binding on Borrower and the REIT absent manifest error, provided that the failure to make any notation shall not affect the obligations of Borrower, any Guarantor or the REIT or the rights of Lender or any Co-Lender hereunder or under the Guaranty.

Section 2.05 Interest. (a) Borrower and the REIT shall pay interest in respect of the unpaid principal amount of the Base Rate Portion from the date of the making of the Base Rate Portion until the Base Rate Portion shall be paid in full, or converted to a Eurodollar Portion, at a rate per annum which shall be equal to the sum of the Base Rate Margin plus the Base Rate in effect from time to time, such rate to change as and when the Base Rate changes.

(b) Intentionally Deleted.

(c) Borrower and the REIT shall pay interest in respect of the unpaid principal amount of each Eurodollar Portion from the date of the making of such Eurodollar Portion until such Eurodollar Portion shall be paid in full, continued as a Eurodollar Portion or converted to a Base Rate Portion at a rate per annum which shall be equal to the sum of the Eurodollar Rate Margin plus the relevant Eurodollar Rate.

(d) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal amount of the Loan and, to the extent permitted by law, overdue interest in respect of the Loan, shall bear interest at the Default Rate, calculated from the date such payment was due without regard to any grace or cure periods contained herein.

(e) Interest on the Loan shall accrue from and including the date of each Borrowing thereof to but excluding the date of any repayment thereof (provided that any Advance borrowed and repaid on the same day shall accrue one day's interest) and Borrower and the REIT shall pay such interest in respect of the Base Rate Portion or any Eurodollar Portion, (A) monthly in arrears on the first Business Day of each calendar month, (B) on the date of any prepayment or conversion (on the amount prepaid or converted), (C) on the Maturity Date (whether by acceleration or otherwise) and (D) after the Maturity Date, on demand.

(f) Interest on the outstanding principal balance of the Loan shall be calculated on the basis of a three hundred sixty (360) day year based on the actual number of days elapsed.

(g) This Agreement and the Note are subject to the express condition that at no time shall Borrower or the REIT be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender or any Co-Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the Loan Documents, Borrower or the REIT is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the interest rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal (first applied to the Base Rate Portions) and not on account of the interest due hereunder. All sums paid or agreed to be paid to Agent for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.06 Interest Periods. (a) Borrower shall, in each Notice of Borrowing or Notice of Conversion or Continuation in respect of the making of, conversion into or continuation of a Eurodollar Portion, select the interest period (each an "Interest Period") applicable to such Eurodollar Portion, which Interest Period shall, at the option of Borrower, be either a one month, two-month or three-month period, provided that:

(i) the Interest Period for any Eurodollar Portion shall commence on the date of the making of such Advance (including the date of any conversion from the Base Rate Portion) and each Interest Period occurring thereafter in respect of such Portion shall commence on the date on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise expire on a day which is not an Business Day, such Interest Period shall expire on the next succeeding Business Day;

(iii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month; and

(iv) no Interest Period in respect of any Eurodollar Portion shall extend beyond the Maturity Date.

(b) If upon the expiration of any Interest Period, Borrower has failed to elect or confirm a new Interest Period or Eurodollar Base Rate to be applicable to any Eurodollar Portion in accordance with Section 2.08, Borrower shall be deemed to have elected to convert such Eurodollar Portion into a Base Rate Portion effective as of the expiration date of such current Interest Period.

Section 2.07 Minimum Amount of Eurodollar Portions. All advances, borrowings, conversions, continuations, payments, prepayments and selection of Interest Periods hereunder shall be made or selected so that, after giving effect thereto, each Eurodollar Portion shall (i) have a principal amount equal to or greater than One Million Dollars (U.S. $1,000,000.00) and (ii) be in an integral multiple of $100,000.00 in excess of such minimum amount. There shall be no more than five (5) Eurodollar Portions outstanding at any one time.

Section 2.08 Conversion or Continuation. (a) Subject to the other provisions hereof, Borrower shall have the option (i) to convert at any time all or any part of the outstanding Base Rate Portion to Eurodollar Portions, or (ii) to continue all or any part of the outstanding Eurodollar Portions as Eurodollar Portions for an additional Interest Period, on the expiration of the Interest Period applicable thereto (or prior to such expiration date, provided Borrower pays Funding Costs in connection therewith pursuant to Section 2.17); provided that no Loan Portion may be continued as, or converted into, a Eurodollar Portion when any Default with respect to the payment of money or any Event of Default has occurred and is continuing or (iii) to convert at any time all or any portion of the outstanding Eurodollar Portions to a Base Rate Portion. In the event Eurodollar Portions are not available pursuant to Section 2.16, Borrower shall be deemed to have elected to convert such Eurodollar Portions into a Base Rate Portion, and if such conversion occurs prior to the expiration date of the applicable Interest Period, Borrower shall also pay all Funding Costs and other costs, expenses and losses in connection therewith pursuant to Sections 2.16 and 2.17.

(b) In order to elect to convert or continue a Loan Portion under this Section 2.08, Borrower shall deliver an irrevocable notice thereof in the form annexed hereto as Exhibit "C" (a "Notice of Conversion or Continuation") to Agent no later than 11:00 A.M., New York City time, (which notice may be by facsimile transmission provided that an original is delivered prior to the close of business on the immediately succeeding Business Day) three (3) Business Days prior to the proposed conversion or continuation date in the case of a conversion to, or a continuation of, a Eurodollar Portion. A Notice of Conversion or Continuation shall specify (v) the requested conversion or continuation date (which shall be a Business Day), (w) the amount and Type of the Loan Portion to be converted or continued, (x) whether a conversion or continuation is requested, (y) in the case of a conversion to, or a continuation of, a Eurodollar Portion, the requested Interest Period and (z) the Contract Rate applicable to the Loan Portion to be converted or continued as previously quoted by Agent.

Section 2.09 Voluntary Reduction of Facility Amount; Extension of Maturity Date; Termination of Facility Amount. (a) Upon at least three (3) Business Days' prior irrevocable written notice to Agent in the form annexed hereto as Exhibit "D" (or telephonic notice promptly confirmed in writing), Borrower shall have the right, without premium or penalty to permanently reduce the Facility Amount, provided that (a) Borrower may not reduce the Facility Amount below the aggregate principal amount outstanding under the Loan at the time of such requested reduction, (unless Borrower simultaneously prepays the Loan to the extent necessary so that the aggregate principal amount outstanding does not exceed such reduced Facility Amount, together with any applicable Funding Costs and accrued interest as a result of such prepayment), (b) any such partial reduction shall be in the minimum aggregate amount of Five Million Dollars (U.S. $5,000,000.00) or any integral multiple of One Million Dollars (U.S. $1,000,000.00) in excess thereof, and (c) Borrower may not reduce the Facility Amount to an amount less than Twenty

Five Million Dollars (U.S. $25,000,000.00) unless the Loan is terminated and prepaid in full pursuant to Section 2.09(c). Any reduction of the Facility Amount shall be permanent and be applied pro rata to Lender's and each Co-Lender's respective percentage interest in the Loan.

(b) Borrower may request an extension of the initial Maturity Date for an additional twelve (12) month period by giving Agent written notice to extend on or prior to the date that is three (3) months prior to the initial Maturity Date. Such request shall be accompanied by a Compliance Certificate of Borrower as required pursuant to Section 5.01(b)(ii). If Agent so requests, Borrower shall also deliver the agreed upon procedures letter pursuant to Section 5.01(b)(iii). Agent shall, upon approval or disapproval of the Co-Lenders, consent to or deny, as applicable, such request for extension. If Agent does not give written notice to Borrower of Co-Lender's acceptance or denial of such extension request on or prior to the date which is one (1) month prior to the initial Maturity Date, then Agent and the Co-lenders shall be deemed to have denied Borrower's request for extension of the Maturity Date. If the Co-Lenders consent to the extension, the nonrefundable Extension Fee shall be payable by Borrower on account of its exercise of and Co-Lenders' granting of the extension option provided for herein within five (5) Business Days of Co-Lenders' consenting to such extension. The payment of the Extension Fee, to the extent received, shall constitute payment by Borrower to each Co-lender in the amount of such Co-Lender's pro rata share in such fee.

(c) Upon at least three (3) Business Days prior irrevocable written notice to Agent, Borrower shall have the right to terminate the Loan, this Agreement and reduce the Facility Amount to zero, provided that Borrower, on the date specified in such notice, pays to Agent, on behalf of the Co-Lenders, the entire outstanding principal balance of the Loan, together with all interest accrued and unpaid thereon, all Funding Costs, and all other sums due under the Note, this Agreement and the other Loan Documents; upon such termination, Lender and the Co-Lenders shall have no further obligation to make any Advances.

Section 2.10. Principal Payments. Borrower shall pay the then outstanding principal balance of the Loan together with all accrued and unpaid interest thereon and all other sums then due and payable under this Agreement and the other Loan Documents on the Maturity Date.

Section 2.11 Voluntary Prepayments. Borrower and the REIT shall have the right to prepay the Loan, in whole or in part, from time to time on the following terms and conditions: (a) Borrower shall give Agent written notice (or telephonic notice promptly confirmed in writing), in the form attached hereto as Exhibit E, which notice shall be irrevocable, of its intent to prepay all or a portion of the Loan, at least three (3) Business Days prior to a prepayment, which notice shall specify the amount of such prepayment and what Loan Portions are to be prepaid and, in the case of Eurodollar Portions, the specific Borrowing(s) pursuant to which made, (b) each prepayment shall be in an aggregate principal amount of One Million Dollars (U.S. $1,000,000.00) or any integral multiple of One Hundred Thousand U.S. Dollars (U.S. $100,000.00) in excess thereof, and (c) prepayments of Eurodollar Portions made pursuant to this Section on a date other than the last day of the Interest Period applicable thereto shall be accompanied by payment of any Funding Costs which Lender and the Co-Lenders shall incur as a result of such early payment. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein.

Section 2.12 Mandatory Prepayments. On each day on which the Facility Amount is reduced pursuant to the terms of this Agreement, Borrower shall prepay the Loan to the extent, if any, that the outstanding principal amount of the Loan exceeds such reduced Facility Amount, together with any applicable Funding Costs and accrued interest as a result of such payment.

Section 2.13 Application of Payments and Prepayments. Unless specifically provided otherwise, all payments and prepayments of the Loan, whether voluntary or otherwise, shall be applied first, to unpaid Fees, any reasonable out-of-pocket costs and expenses of Agent and any Co-Lender arising as a result of such prepayment and any Funding Costs, second, to pay any accrued and unpaid interest then payable with respect to the Loan, and third, to pay the outstanding principal amount of the Loan. Payments applied to the outstanding principal amount of the Loan shall be first applied to the Base Rate Portion of the Loan, and then to pay the Eurodollar Portions of the Loan being repaid in the order of such Loan Portion's maturity.

Section 2.14 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Agent not later than 1:00 p.m., eastern time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Agent's Office, and any funds received by Agent after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day. Each payment (including all prepayments on account of principal and interest on the Loan), to the extent received, shall constitute payment by Borrower and the REIT to each Co-Lender in the amount of such Co-Lender's pro rata share of such payment.

(b) Except as expressly provided to the contrary in Section 2.06 hereof, whenever any payment to be made hereunder or under the Note or other Loan Documents shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

(c) All payments made by Borrower hereunder, under the Note and the other Loan Documents, shall be made irrespective of, and without any deduction for, any setoff or counterclaims.

Section 2.15 Fees. (a) Borrower and the REIT shall pay to Agent
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a fee (the "Non-use Fee"), computed at the per annum rate (based on a year of 360 days, for the actual number of days elapsed) of one-quarter of one percent (0.25%) on the average daily unfunded portion of the Facility Amount, from and including the Closing Date through and including the Maturity Date, payable, in arrears, on the Non-use Fee Due Date through the Maturity Date. Agent shall notify Borrower within three (3) Business Days of the last day of the calendar quarter of the amount of the Non-Use fee then due. Each payment of the Non-use Fee, to the extent received by Agent, shall constitute payment by Borrower and the REIT to each Co-Lender in the amount of such Co-Lender's Pro Rata Interest of the Non-use Fee.

(b) Borrower and the REIT shall pay to Agent an administrative fee as compensation for administering and servicing the Loan and performing its duties under this Agreement and the Loan Documents (the "Administrative Fee") pursuant to the terms of the Fee Letter, and upon completion of the Syndication pursuant to the Administrative Fee Letter. The Administrative Fee shall be paid in advance on the date set forth in the Administrative Fee Letter and on the first day of each twelfth calendar month thereafter.

Section 2.16 Interest Rate Unascertainable, Increased Costs,

Illegality. (a) In the event that Agent has reasonably determined, or has
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been notified by any Co-Lender that it has reasonably determined (which determination or notice shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that:

(i) on any date for determining the Eurodollar Rate for any Interest Period, that by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of the Eurodollar Rate; or

(ii) at any time, that the relevant Eurodollar Rate applicable to any of its Eurodollar Portions shall not represent the effective pricing to Lender or the Co-Lenders for funding or maintaining its Eurodollar Portions, or Lender and the Co-Lenders shall incur increased costs or reduction in the amounts received or receivable hereunder in respect of any Eurodollar Portion, in any such case because of (x) any change since the date of this Agreement in any applicable law or governmental rule, regulation, guideline, order, request or directive or any interpretation thereof and including the introduction of any new law or governmental rule, regulation, guideline, order, request or directive (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D of the Federal Reserve Board to the extent included in the computation of the Eurodollar Rate), whether or not having the force of law and whether or not failure to comply therewith would be unlawful, and/or (y) other circumstances affecting Lender, any Co-Lender or the interbank Eurodollar market or the position of Lender or any Co-Lender in such market; or

(iii) at any time, that the making or continuance by it of any Eurodollar Portion has become unlawful in order for Lender or any Co-Lender, in good faith, to comply with any law or governmental rule,

regulation, guideline, order, request or directive (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, Agent shall, promptly after making such determination or receiving notice thereof from any Co-Lender, give notice by telephone promptly confirmed in writing to Borrower. Thereafter (x) in the case of clause (i) above, Borrower's right to request advances, conversions or continuations of Eurodollar Portions shall be suspended, and any Notice of Borrowing, or Notice of Conversion or Continuation given by Borrower with respect to any Borrowing of Eurodollar Portions which has not yet been made shall be deemed canceled and rescinded by Borrower, (y) in the case of clause (ii) above, Borrower and the REIT shall pay to Agent, upon such Agent's written demand therefor to Borrower, such additional amounts (in the form of an increased rate of interest, or a different method of calculating interest, or otherwise, as Agent shall reasonably determine) as shall be required to compensate Lender and any Co-Lender for such increased costs or reduction in amounts received or receivable hereunder (it being understood and agreed by the parties hereto that in the event that Agent shall fail to notify Borrower promptly after such determination, then Borrower and the REIT shall not be liable to pay to Agent any additional amounts relating to the period prior to Agent's notifying Borrower, and (z) in the case of clause (iii) above, Borrower shall take one of the actions specified in clause (b) below as promptly as possible and, in any event, within the time period required by law. The written demand provided for in clause (y) shall demonstrate in reasonable detail the circumstances giving rise to such demand and the calculation of the amounts demanded; provided that Borrower and the REIT shall not be obligated to pay an amount in excess of the amount directly attributable to the Loan hereunder (it being understood and agreed that Agent shall not be required to deliver any documentation substantiating such amounts).

(b) In the case of any Eurodollar Portion or requested Eurodollar Portion affected by the circumstances described in clause (a)(ii) above, Borrower may, and in the case of any Eurodollar Portion affected by the circumstances described in clause (a)(iii) above, Borrower shall, either (i) if any such Eurodollar Portion has not yet been made but is then the subject of a Notice of Borrowing or a Notice of Conversion or Continuation, be deemed to have canceled and rescinded such notice, or (ii) if any such Eurodollar Portion is then outstanding, require Agent to convert each such Eurodollar Portion into a Base Rate Portion at the end of the applicable Interest Period or such earlier time as may be required by law, in each case by giving Agent notice (by telephone promptly confirmed in writing) thereof within two (2) Business Days after Borrower was notified by Agent pursuant to clause (a) above.

(c) In the event that following the giving of notice based on the conditions described in clause (a)(i) above that such conditions no longer exist, Agent shall promptly give written notice thereof to Borrower, whereupon Borrower's right to request Eurodollar Portions from Agent and Lender's and any Co-Lender's obligation to make Eurodollar Portions shall be automatically restored and until such time as Borrower has delivered a Notice of Conversion or Continuation, the entire Loan shall be deemed to be a Eurodollar Portion with an Interest Period of one month at a Contract Rate determined as of the date that Eurodollar Portions are again available to Borrower.

(d) In the event that following its giving of a notice based on the conditions described in clause (a)(iii) above that such conditions no longer exist, Agent shall promptly give written notice thereof to Borrower, whereupon Borrower's right to request Eurodollar Portions from Agent and Lender's and any Co-Lender's obligation to make Eurodollar Portions shall be automatically restored and until such time as Borrower has delivered a Notice of Conversion or Continuation, the entire Loan shall be deemed to be a Eurodollar Portion with an Interest Period of one month at a Contract Rate determined as of the date that Eurodollar Portions are again available to Borrower.

(e) The amount of any increased costs or reductions in amounts referred to in Section 2.16(a)(ii) with respect to Lender and each Co-Lender shall be based on the assumption that Lender and any Co-Lender funded all of its Eurodollar Portions in the interbank Eurodollar market, although the parties hereto agree that Lender or Co-Lender may fund all or any portion of a Eurodollar Portion, in any manner it independently determines. For purposes of any demand for payment made by Agent under Sections 2.16(a)(ii) or 2.18, in attributing Lender's or any Co-Lender's general costs relating to

eurocurrency operations or its commitments or customers, or in averaging any costs over a period of time, Agent and the affected Co-Lender may use any reasonable attribution and/or averaging method which it deems appropriate, reasonable and practical. The agreements in this Section 2.16 shall survive the termination of this Agreement and the payment of the Note and all other Obligations.

Section 2.17 Funding Losses. Borrower and the REIT shall compensate Lender and the Co-Lenders for all reasonable losses, expenses and liabilities, to the extent actually incurred (including, without limitation, any loss, expense or liability incurred by Lender or any Co-Lender in connection with the liquidation or reemployment of deposits or funds required by it to make or carry its Eurodollar Portions), excluding loss of anticipated profits ("Funding Costs"), that Lender or any Co-Lender sustains: (a) if for any reason (other than a default by Agent or any Co-Lender) a Borrowing of, or conversion from or into, or a continuation of, Eurodollar Portions does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion or Continuation (whether or not rescinded, canceled or withdrawn or deemed rescinded, canceled or withdrawn, pursuant to Section 2.16(a) or 2.16(b) or otherwise), (b) if any prepayment (whether voluntary or mandatory), repayment (including, without limitation, payment after acceleration) or conversion of any of its Eurodollar Portions occurs on a date which is not the last day of the Interest Period applicable thereto, (c) if any prepayment of any of its Eurodollar Portions is not made on any date specified in a notice of prepayment given by Borrower, or (d) as a consequence of any default by Borrower or the REIT in repaying its Eurodollar Portions or any other amounts owing hereunder in respect of its Eurodollar Portions when required by the terms of this Agreement. Borrower shall pay such Funding Costs on the date specified for conversion or continuation of any Eurodollar Portion, the date of prepayment or repayment of any Eurodollar Portion under clause (b) or (c) above, or within five (5) Business Days of written demand therefor by Agent with respect to clause (d) above. Calculation of all amounts payable to Agent under this Section 2.17 shall be made on the assumption that Lender and each Co-Lender has funded its relevant Eurodollar Portion through (i) the purchase of a Eurodollar deposit bearing interest at the Eurodollar Rate in an amount equal to the amount of such Eurodollar Portion with a maturity equivalent to the Interest Period applicable to such Eurodollar Portion, and (ii) the transfer of such Eurodollar deposit from an offshore office of Lender or any Co-Lender to a domestic office of Lender and the Co-Lenders in the United States of America, provided that Lender and the Co-Lenders may fund their Eurodollar Portions in any manner that they in their sole discretion choose and the foregoing assumption shall only be made in order to calculate amounts payable under this Section 2.17. Agent shall provide Borrower with a statement detailing the basis for requesting such amounts and the calculation thereof, and such statement shall, absent manifest error, be final and conclusive and binding upon Borrower, the REIT and all Loan Parties). The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Note and all other Obligations.

Section 2.18 Increased Capital. With respect to each Eurodollar Portion, if Agent shall have reasonably determined (or received notice from any Co-Lender of its reasonable determination that) in good faith, that compliance with any applicable law, rule, regulation, guideline, request or directive (whether or not having the force of law), other than increases in rates of taxation or other matters not directly related to increased capital costs, which shall be imposed, issued or amended from and after the date of this Agreement by any governmental authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital or assets of Lender or any Co-Lender as a consequence of its commitments or obligations hereunder, then from time to time, upon Agent's delivering a written demand therefor to Borrower, setting forth its reasonable calculations, Borrower and the REIT shall pay to Agent on demand such additional amount or amounts ("Increased Capital Costs") as will compensate Lender and any Co-Lender for such reduction. Such calculations may use any reasonable averaging and attribution methods selected by Agent and the affected Co-Lenders. The agreements in this Section 2.18 shall survive the termination of this Agreement and the payment of the Note and all other Obligations.

Section 2.19 Taxes. (a) All payments made by Borrower or the REIT under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority excluding, in the case of Lender or any Co-Lender, net income and franchise taxes imposed on Agent, Lender, any Co-Lender or Participant (all such non-excluded taxes, levies, imposts,

deductions, charges or withholdings being hereinafter called "Taxes").

(b) Notwithstanding anything to the contrary herein, if at any time or from time to time Taxes are required to be deducted or withheld from the payments required to be made to Lender or any Co-Lender hereunder solely by reason of a Change in Law after the date hereof (other than as a result of any transfer or assignment of any of the obligations of Borrower hereunder), all payments required to be made by Borrower and the REIT hereunder (including any additional amounts that may be payable pursuant to this clause (b)) shall be increased to the extent required so that the net amount received by Lender or any Co-Lender after the deduction or withholding of Taxes imposed solely by reason of a Change in Law after the date hereof will be not less than the full amount that would otherwise have been receivable had no such deduction or withholding been imposed by reason of such Change in Law. In the event that this clause (b) shall be operative, Borrower and the REIT shall promptly provide to Agent evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to Agent any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority. If Borrower or the REIT fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent the required receipts or other required documentary evidence, Borrower and the REIT shall indemnify Agent and any Co-Lender for any incremental taxes, interest or penalties that may become payable by Lender or Co-Lender as a result of any such failure. The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Note and all other Obligations.

(c) For purposes of this Section 2.19 the term "Change in Law" shall mean the following events: (i) the enactment of any legislation by the United States, including the enactment, amendment or modification of a treaty; (ii) the lapse, by its terms, of any law of the United States or any treaty to which the United States is a party; or (iii) the promulgation of any temporary or final regulation under the Code.

(d) Each Co-Lender that is not incorporated under the laws of the United States of America or a state thereof agrees that, prior to the first date on which any payment is due to it hereunder, it will deliver to Borrower and Agent (i) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, certifying in each case that such Co-Lender is entitled to receive payments under this Agreement and the Note payable to it, without deduction or withholding of any United States federal income taxes, and (ii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each Co-Lender required to deliver to Borrower and Agent a Form 1001 or 4224 and Form W-8 or W-9 pursuant to the preceding sentence further undertakes to deliver to Borrower and Agent two further copies of the said letter and Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such letter or form expires (which, in the case of the Form 4224, is the last day of each U.S. taxable year of the non-U.S. Co-Lender) or becomes obsolete or after the occurrence of any event requiring a change in the most recent letter and form previously delivered by it to Borrower and Agent, and such other extensions or renewals thereof as may reasonably be requested by Borrower or Agent, certifying in the case of a Form 1001 or 4224 that such Co-Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Co-Lender from duly completing and delivering any such letter or form with respect to it and such Co-Lender advises Borrower and Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax. Notwithstanding clause (a) of this Section 2.19, if a Co-Lender fails to provide a duly completed Form 1001 or 4224 or other applicable form and, under applicable law, in order to avoid liability for Taxes, Borrower is required to withhold on payments made to such Co-Lender that has failed to provide the applicable form, Borrower shall be entitled to withhold the appropriate amount of Taxes. In such event, Borrower shall promptly provide to such Co-Lender or Agent evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to such Co-Lender or Agent any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority.

Section 2.20 Use of Proceeds and Limitations on Advances.

Borrower shall use the proceeds of the Loan solely to provide short-term financing for (i) the acquisition of fee and ground leasehold interests in Real Property Assets wholly owned by the Borrower which are fully operational

Class B (or better) office buildings, (ii) capital improvements, expansion or renovation to Real Property Assets of the type described in clause (i) above, owned by Borrower or any Loan Party, (iii) working capital, (iv) the refinancing of mortgage debt encumbering properties of the type described in clause (i) above, and (v) the acquisition of the Permitted Investments.

Section 2.21 Intentionally Deleted.

Section 2.22 Intentionally Deleted.

Section 2.23 Intentionally Deleted.

Section 2.24 Decision Making by Agent. Borrower and the REIT acknowledge and agree that all approvals, consents, requests, calculations, determinations, decisions, waivers, amendments and modifications that Agent is entitled to make under this Agreement are subject to the approval or consent of some or all of the Co-Lenders pursuant to the terms and conditions of this Agreement and the Intercreditor Agreement, whether or not such approval or consent is expressly stated herein or otherwise.

Section 2.25 Additional Unencumbered Assets. If Borrower desires to add an Unencumbered Asset for purposes of this Agreement, it shall notify Agent and together with such notification, deliver to Agent, with respect to such Asset the documentation required in Section 3.01(a)(xiii), (f), (g), (i), (j), (k), (l), (p), (q), (r), (s) (and if Borrower or any Guarantor owns a leasehold interest in such Asset, Section 3.01(a)(xi)) and such other items as Agent and the Co-Lenders may reasonably request, which information shall be current as of the date delivered and consistent with the time frames set forth in Section 3.01; i.e., all dates related to the Closing Date in Section 3.01 shall be deemed related to the date of the addition of the proposed Asset to the Unencumbered Asset pool. If such Asset is owned by a Loan Party other than a Guarantor or Borrower, such Loan Party shall execute and deliver a guaranty in the form of the Guaranty, together with the items required in 3.01(b), (c), (d) and (m) with respect to such Loan Party and Guarantor. If such Asset is subject to no Liens or encumbrances other than Permitted Liens, complies with the requirements set forth in the definition of Unencumbered Assets, and is otherwise reasonably satisfactory to Agent and the Majority Co-Lenders, Agent shall confirm to Borrower in writing that such Asset shall be deemed an Unencumbered Asset and Schedule 1 shall be amended accordingly.

Section 2.26 Pro Rata Interests. The liabilities of each of the Co-Lenders are several and not joint, and each Co-Lenders' obligations to Borrower and the REIT under this Agreement shall be reduced by the amount of any Assignment and Assumption. No Co-Lender shall be responsible for the obligations of any other Co-Lender. Each Co-Lender shall be liable to Borrower and the REIT only for their respective proportionate shares of the Loan and of the obligations and liabilities of the Lender under the Loan Documents. If for any reason any of the Co-Lenders shall fail or refuse to abide by their obligations under this Agreement, the other Co-Lenders shall not be relieved of their obligations, if any, hereunder, including their obligations to make their pro rata share of any Advance on the date set forth for such Advance in the Notice of Borrowing; notwithstanding the foregoing, the Co-Lenders shall have the right, but not the obligation, at their sole option, to make the defaulting Co-Lender's pro rata share of such Advance pursuant to the terms of the Intercreditor Agreement.

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01 Conditions Precedent to the Initial Advance. The obligation of Lender and each Co-Lender to make the initial Advance of the Loan (or its pro rata share thereof) on the Closing Date is subject to the satisfaction by Borrower on the Closing Date of the following conditions precedent:

(a) Loan Documents.

(i) Line of Credit Agreement. Borrower and the REIT shall have executed and delivered this Agreement to the Syndication Agent.

(ii) The Note. Borrower and the REIT shall have executed and delivered to the Syndication Agent the Note in the amount, maturity and

as otherwise provided herein.

(iii) Intentionally Deleted.

(iv) Intentionally Deleted.

(v) Environmental Indemnity. Borrower and the REIT shall have executed and delivered to the Syndication Agent the Environmental Indemnity.

(vi) Subordination of Management Agreement Borrower and the appropriate Loan Parties shall have executed and delivered to the Syndication Agent the Subordination of Management Agreement with respect to each Real Property Asset substantially in the form set forth as Exhibit "F" hereto (the "Subordination of Management Agreement").

(vii) Guaranty. The Guarantors shall have executed and delivered the Guaranty to the Syndication Agent.

(viii) Borrower shall have delivered copies and The 17 Battery Transaction Documents.

(ix) Borrower shall have delivered copies of The Bar Building Loan Documents.

(x) Intentionally Deleted.

(xi) Ground Leases. If the Borrower or any other Loan Party owns a leasehold estate in an Unencumbered Asset, (A) a certified copy of the Ground Lease for such Unencumbered Asset, together with all amendments and modifications thereto and a recorded memorandum thereof, which Ground Lease shall be reasonably satisfactory in all material respects to Agent and all of the Co-Lenders and (B) a Ground Lease Estoppel substantially in the form of Exhibit "G" hereto (a "Ground Lease Estoppel"), executed by the fee owner and ground lessor of such Unencumbered Asset, which estoppel shall be reasonably satisfactory to Agent.

(xii) Intentionally Deleted.

(xiii) Flood Plain. The Syndication Agent shall have received reasonably satisfactory evidence indicating which of the Unencumbered Assets are in a flood plain.

(b) Opinions of Counsel.

The Syndication Agent shall have received legal opinions, dated the Closing Date, from counsel to Borrower and the other Loan Parties, in form and substance reasonably satisfactory to the Syndication Agent and all of the Co-Lenders and its counsel, that, among other things: (i) this Agreement and the Loan Documents have been duly authorized, executed and delivered by Borrower and the REIT and the other Loan Parties (to the extent a party thereto) and are valid and enforceable against such Persons in accordance with their terms, subject to bankruptcy and equitable principles; (ii) that Borrower, the REIT and the Loan Parties and are qualified to do business and in good standing under the laws of the jurisdiction in which it is organized, in which it is transacting business and where the Real Property Assets are located; and (iii) the Loan does not violate any usury laws.

(c) Organizational Documents. The Syndication Agent shall have received (i) with respect to Borrower and each of the Loan Parties which is a corporation, the certificate of incorporation of Borrower and such Loan Party, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretaries of State (or the equivalent thereof) of each other State in which each Real Property Asset is located and in which each of them is required to be qualified to transact business, each to be dated a date not more than thirty (30) days prior to the Closing Date, (ii) with

respect to Borrower and each of the Loan Parties which is a limited partnership, the agreement of limited partnership of such Person, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by a general partner of such Person, together with a copy of the certificate of limited partnership of such entity, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State (or the equivalent thereof) of each other State in which each such Person is required to be qualified to transact business, each to be dated not more than thirty (30) days prior to the Closing Date, (iii) with respect to Borrower and each of the Loan Parties which is a general partnership, the agreement of general partnership of Borrower and such Loan Party, as amended, modified or supplemented to the Closing Date, certified to be true, complete and correct by a general partner of Borrower and such Loan Party, together with a copy of Borrower's and of such Loan Party's doing business certificate (or the equivalent thereof), as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or County Clerk's or Recorder's Office, as the case may be) as of a date not more than thirty (30) days prior to the Closing Date, in each case reasonably satisfactory to the Syndication Agent and all of the Co-Lenders and (iv) evidence reasonably satisfactory to the Syndication Agent and all of the Co-Lenders that the REIT is a "qualified real estate investment trust" as defined in Section 856 of the Code, including, without limitation, copies of the REIT's real estate investment trust registration statement and all amendments thereto, any similar material documents filed with the United States Securities and Exchange Commission or issued in connection with a public offering of equity securities by Borrower or the REIT.

(d) Certified Resolutions, etc. The Syndication Agent shall have
received a certificate of the secretary or assistant secretary of Borrower and each of the Loan Parties which is a corporation and dated the Closing Date, certifying (i) the names and true signatures of the incumbent officers of such Person authorized to sign the applicable Loan Documents, (ii) the by-laws of such Person as in effect on the Closing Date, (iii) the resolutions of such Person's board of directors approving and authorizing the execution, delivery and performance of all Loan Documents executed by such Person, and (iv) that there have been no changes in the certificate of incorporation of such Person since the date of the most recent certification thereof by the appropriate Secretary of State.

(e) Intentionally Deleted.

(f) Insurance. The Syndication Agent shall have received
certificates of insurance demonstrating insurance coverage in respect of each of the Real Property Assets of types, in amounts, and with insurers reasonably satisfactory to the Syndication Agent and all of the Co-Lenders and otherwise in compliance with the terms, provisions and conditions of Section 5.03 and, with respect to the Bar Building, the Bar Building Loan Documents.

(g) Lien Search Reports. The Syndication Agent shall have
received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with tax lien, judgment and litigation searches conducted in the appropriate jurisdictions by a search firm reasonably acceptable to the Syndication Agent and all of the Co-Lenders with respect to the Unencumbered Assets, Borrower, each of the other Loan Parties and the Bar Building Mortgagor (collectively, the "UCC Searches").

(h) Intentionally Deleted.

(i) Intentionally Deleted.

(j) Title Insurance Policies; Surveys. The Syndication Agent shall
have received copies of title policies issued by a title insurance company reasonably satisfactory to the Syndication Agent and all of the Co-Lenders, in form and substance reasonably satisfactory to the Syndication Agent and all of the Co-Lenders, insuring the Borrower's or the appropriate Loan Party's good and marketable fee simple or leasehold title to the Unencumbered Assets, together with a title "bring down" or lien search showing no liens or encumbrances other than Permitted Liens (the "Title Policies") and (ii) a

recent survey with respect to each of the Unencumbered Assets certified to Agent, its successors and assigns, dated or re-dated within 120 days prior to the Closing Date prepared by a land surveyor licensed in each of the states where the Unencumbered Assets are located pursuant to the then current New York standards for title surveys and otherwise reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(k) Financial Statements. The Syndication Agent shall have received the (i) consolidated audited financial statements of Borrower, the REIT and their Consolidated Subsidiaries for the most recently ended fiscal year of Borrower, the REIT and their Consolidated Subsidiaries and the unaudited consolidated financial statements of Borrower, REIT and their Consolidated Subsidiaries for each fiscal quarter of Borrower, the REIT and their Consolidated Subsidiaries ending since the end of such entity's most recent fiscal year and (ii) for each Unencumbered Asset, annual operating statements and occupancy statements for Borrower's most recent fiscal year together with current year to date operating statements, current occupancy statements and the operating and capital budget approved by Borrower or the appropriate Loan Party for the current fiscal year. Such financial statements shall be reasonably acceptable to the Syndication Agent and all of the Co-Lenders, and each such statement shall be certified by a Responsible Officer of the REIT on behalf of the REIT and the Borrower that, as of the Closing Date, except as reflected in any subsequent such statement which is delivered to the Agent and the Co-Lenders, there has been no material adverse change in the financial condition of any Real Property Asset or Borrower, the REIT or the respective Loan Parties since the date thereof.

(l) Environmental Matters. The Syndication Agent shall have received Environmental Reports dated within six (6) months of the Closing Date with respect to each of the Unencumbered Assets (and, if requested by the Syndication Agent, each other Real Property Asset), each of which shall be in form and substance reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(m) Fees and Operating Expenses. The Syndication Agent shall have received, for its and the Co-Lenders' account as applicable, all Transaction Costs, the Fees and other fees and expenses due and payable hereunder on or before the Closing Date, including, without limitation, the reasonable costs of all engineering, environmental and real property appraisal reports required to be delivered hereunder, if any, and the reasonable fees and expenses accrued through the Closing Date, of counsel retained by the Syndication Agent.

(n) Consents, Licenses, Approvals, etc. The Syndication Agent shall have received certified copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by Borrower and the other Loan Parties, and the validity and enforceability against Borrower and the other Loan Parties, of the Loan Documents, or in connection with any of the Transactions, and such consents, licenses and approvals shall be in full force and effect.

(o) Appraisal. The Syndication Agent shall have received an Appraisal of 110 E. 42/nd/ Street reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(p) Engineering Reports. The Syndication Agent shall have received engineering reports (the "Engineering Reports") dated within six (6) months prior to the Closing Date and in form and substance reasonably satisfactory to Agent and all of the Co-Lenders with respect to each of the Unencumbered Assets; such engineering reports shall be prepared in accordance with the Syndication Agent's then current guidelines for property inspection reports by licensed engineers reasonably acceptable to the Syndication Agent and all of the Co-Lenders, and such Engineering Report should state, among other things, that each Unencumbered Asset is in good condition and repair, free from damage and waste (reasonable wear and tear excepted) and is in substantial compliance with the Americans with Disabilities Act except as set forth on Schedule 16 attached hereto.

(q) Zoning Compliance. The Syndication Agent shall have received evidence reasonably satisfactory to the Syndication Agent and all of the Co-Lenders to the effect that each of the Unencumbered Assets and the use thereof are in substantial compliance with the applicable zoning, subdivision, and all other applicable federal, state or local laws and ordinances affecting each of the Unencumbered Assets, and that all building

and operating licenses and permits necessary for the use and occupancy of each of the Unencumbered Assets as an office building including, but not limited to, current certificates of occupancy, if available, have been obtained and are in full force and effect.

(r) Leases. The Syndication Agent shall have received certified copies of all Leases with respect to each Unencumbered Assets which shall be reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(s) Contracts and Agreements. The Syndication Agent shall have received certified copies of all contracts and agreements relating to the management, leasing and operation of each of the Unencumbered Assets each of which shall be reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(t) Plans and Specifications. The Syndication Agent shall have been provided access to the of plans and specifications for each of the Unencumbered Assets.

(u) Representations and Warranties. The Syndication Agent shall have received the Compliance Certificate executed by a Responsible Officer of the REIT on behalf of the REIT and Borrower for itself and as general partner of Borrower certifying that all of the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects with respect to each of the Real Property Assets, Borrower and each Loan Party, and that to the best of its knowledge, there is no Default or Event of Default hereunder.

(v) Certification as to Covenants. The Syndication Agent shall have received a certificate of a Responsible Officer of the REIT on behalf of the REIT and Borrower and as general partner of Borrower, together with other evidence reasonably satisfactory to the Syndication Agent and all of the Co-Lenders (which shall include the Financial Covenant calculations) that, as of the Closing Date, the Financial Covenants are satisfied and that, as of the Closing Date and after giving effect to the Transaction to be consummated thereon, to the best of its knowledge, there is no Default or Event of Default hereunder.

(w) Certification as to Applicable Laws. The Syndication Agent shall have received such evidence as the Syndication Agent and all of the Co-Lenders shall deem reasonably necessary to establish (including, without limitation, a certificate of the REIT for itself and as general partner of Borrower) that each Real Property Asset is in material compliance with all Applicable Laws as of the Closing Date.

(x) Additional Matters. The Syndication Agent shall have received such other certificates, opinions, documents and instruments relating to the Transactions as may have been reasonably requested by the Syndication Agent and any of the Co-Lenders, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Transactions shall be reasonably satisfactory in form and substance to the Syndication Agent and all of the Co-Lenders.

Section 3.02 Conditions Precedent to All Advances of the Loan.

The obligation of Lender and each Co-Lender to make any Advance under the Loan (including the initial Advance made on or after the Closing Date) (or its pro rata share thereof) is subject to the satisfaction on the date such Advance is made of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties contained herein and in the other Loan Documents (other than representations and warranties which expressly speak only as of a different date) shall be true and correct in all material respects on such date both before and after giving effect to the making of such Advance.

(b) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such date either before or after giving effect to the making of such Advance and Borrower shall be in compliance with all of the Financial Covenants.

(c) No Injunction. No law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened in writing, which in the good faith judgment of Agent would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Advances or Borrower's, the REIT's or any Guarantor's obligation to pay (or Agent or any Co-Lender's rights to receive payment) of the Loan and the other Obligations or the consummation of the Transactions.

(d) No Material Adverse Effect. No event, act or condition shall have occurred and be continuing after the Closing Date which has had or could be reasonably expected to have a Material Adverse Effect.

(e) Notice of Borrowing. Agent shall have received a fully executed Notice of Borrowing or Notice of Conversion or Continuation, as the case may be, in respect of the Advance to be made on such date, together with a fully executed Compliance Certificate incorporating all material modifications and changes required to be made to the most recent Compliance Certificate delivered prior to the date of the requested Advance, including, without limitation, the effect of the requested Advance.

(f) No Litigation. Except for matters identified on Schedule 5 (as the same may be amended or supplemented), no actions, suits or proceedings shall be pending or threatened with respect to the Transactions or the Loan Documents, Borrower or any of the other Loan Parties, or with respect to the Real Property Assets, could be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect and matters identified on Schedule 5, individually or in the aggregate, have not resulted in a Material Adverse Effect.

(g) Title Insurance Searches. Agent or any Co-Lender may elect, in its sole discretion, to perform or have performed Title Searches with respect to some or all of the Unencumbered Assets on a semi-annual basis at Borrower's sole cost and expense. The results of all such Title Searches shall be reasonably satisfactory to Agent.

(h) UCC Searches. Agent shall have received reasonably satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with tax lien, judgment and litigation searches conducted in the appropriate jurisdictions and as requested by Agent performed by a search firm reasonably acceptable to Agent with respect to the Unencumbered Assets Borrower and each of the other Loan Parties.

(i) Additional Matters. Agent shall have received such other certificates, opinions, documents and instruments relating to the subject Transactions as may have been reasonably requested by or any of the Co-Lenders and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the subject Transactions shall be reasonably satisfactory in form and substance to Agent and the Majority Co-Lenders.

Section 3.03 Acceptance of Borrowings. The acceptance by Borrower of the proceeds of each Advance shall constitute a representation and warranty by Borrower to Agent and the Co-Lenders that all of the conditions required to be satisfied under this Section 3 in connection with the making of such Advance have been satisfied.

Section 3.04 Sufficient Counterparts. All certificates, agreements, legal opinions and other documents and papers referred to in this Section 3, unless otherwise specified, shall be delivered to Agent and shall be reasonably satisfactory in form and substance to Agent and the Majority Co-Lenders (unless the form thereof is prescribed herein) and Borrower shall deliver sufficient counterparts of all such materials for distribution to Agent and each Co-Lender.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce Agent, Lender and the Co-Lender to enter into this Agreement and to make the Loan, Borrower and the other Loan Parties make the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Note and the making of the

Loan and each Advance:

Section 4.01 Organizational Status. Each of Borrower and the other Loan Parties (a) is a duly organized and validly existing corporation or partnership or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has all requisite power and authority, to own its property and assets (including the Real Property Assets), the Bar Building Asset and all other Permitted Investments and to transact the business in which it is engaged or presently proposes to engage (including this Transaction) and (c) has duly qualified and is authorized to do business and is in good standing as a foreign corporation or foreign partnership, as the case may be, in every jurisdiction in which it owns or leases real property (including the Real Property Assets) or in which the nature of its business requires it to be so qualified.

Section 4.02 Power and Authority. Each of Borrower and the other Loan Parties has the power and authority to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary action, to authorize the execution, delivery and performance by it of such Loan Documents to which it is a party. Each of Borrower and the other Loan Parties has duly executed and delivered each such Loan Document, and each such Loan Document constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by applicable insolvency, bankruptcy or other laws affecting creditors' rights generally, and by general principles of equity whether enforcement is sought in a proceeding in equity or at law.

Section 4.03 No Violation. Neither the execution, delivery or performance by Borrower or any other Loan Party of the Loan Documents to which it is a party, nor the compliance by such Person with the terms and provisions thereof nor the consummation of the Transactions, (a) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality having jurisdiction thereof, or (b) will conflict with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the Assets (including the Real Property Assets) of Borrower or any of the other Loan Parties (or of any partnership of which such Person is a partner) pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower or any of the other Loan Parties (or of any partnership of which such Person is a partner) is a party or by which it or any of its Assets (including the Real Property Assets) is bound or to which it may be subject, or (c) will, with respect to Borrower or any Loan Party which is a partnership, violate any provisions of the partnership agreement of such Person (or the partnership agreement of any partnership of which such Person is a partner), or (d) will, with respect to the Borrower or any of the Loan Parties which is a corporation, violate any provision of the Certificate of Incorporation or By-Laws of such Person.

Section 4.04 Litigation. Except as set forth on Schedule 5, there are no actions, suits or proceedings, judicial, administrative or otherwise, pending or, to the best of Borrower's or the REIT's knowledge, threatened with respect to any of the Transactions or Loan Documents, Borrower, the REIT, or any of the other Loan Parties, or with respect to the Real Property Assets, that could be reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. All matters set forth on Schedule 5 do not, individually or in the aggregate, result in a Material Adverse Effect.

Section 4.05 Financial Statements: Financial Condition; etc. The financial statements delivered pursuant to Section 3.01(k) were prepared in accordance with GAAP consistently applied and fairly present the financial condition and the results of operations of Borrower, the REIT and their Consolidated Subsidiaries and the Unencumbered Assets covered thereby on the dates and for the periods covered thereby, except as disclosed in the notes thereto and, with respect to interim financial statements, subject to normally recurring year-end adjustments and the absence of full footnote disclosures. Neither Borrower nor the REIT nor any of their Consolidated Subsidiaries has any material liability (contingent or otherwise) not reflected in such financial statements or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading or would affect Borrower's or the REIT's ability to perform its obligations under this Agreement.

Section 4.06 Solvency. On the Closing Date and after and giving effect to the Transactions, Borrower and the Loan Parties will be Solvent.

Section 4.07 Material Adverse Change. Since the date of the most recent audited financial statements delivered pursuant to Section 3.01(k), there has occurred no event, act or condition, and to the best of Borrower's or the REIT's knowledge, there is no prospective event or condition which has had, or is in good faith anticipated to have, a Material Adverse Effect.

Section 4.08 Use of Proceeds; Margin Regulations. All proceeds of each Advance will be used by Borrower and the REIT only in accordance with the provisions of Section 2.20. No part of the proceeds of any Advance will be used by Borrower and the REIT to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Advance nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Federal Reserve Board.

Section 4.09 Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required (or if required, has been obtained) to authorize, or is required in connection with (i) the execution, delivery and performance of any Loan Document or the consummation by Borrower or any Loan Party of any of the Transactions or (ii) the legality, validity, binding effect or enforceability against Borrower or any Loan Party of any Loan Document.

Section 4.10 Completed Repairs. All of the maintenance/repair and environmental conditions set forth on Schedule 16 hereto that are marked as completed or remediated on such Schedule have been completed or remediated as applicable.

Section 4.11 Tax Returns and Payments. Borrower, the REIT and the other Loan Parties have filed all tax returns required to be filed by them for which the filing date has passed and not been extended and has paid all taxes and assessments payable by such Persons which have become due, other than (a) those not yet delinquent or (b) those that are reserved against in accordance with GAAP which are being diligently contested in good faith by appropriate proceedings.

Section 4.12 ERISA. Neither Borrower nor any of the other Loan Parties has any Employee Benefit Plans other than those listed on Schedule 6. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or Reportable Event has occurred with respect to any Plan. As of the Closing Date, the Unfunded Benefit Liabilities do not in the aggregate exceed $1,000,000. Borrower, the other Loan Parties and each member of their respective ERISA Controlled Group have complied in all material respects with the requirements of ERISA and the Code and plan documents for each Employee Benefit Plan and Plans and are not in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan. With respect to any Multiemployee Plan, neither Borrower nor any of the other Loan Parties, nor any member of their respective ERISA Controlled Groups is subject to any current or potential withdrawal liability or annual withdrawal liability payments, which, individually or in the aggregate, could materially adversely affect any of such Persons. To the knowledge of Borrower, the other Loan Parties and their respective ERISA Controlled Group, no Multiemployer Plan is or is likely to be in reorganization (within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No material liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Plan (other than routine contributions thereto) or any trust established under Title IV of ERISA (other than routine contributions thereto) has been, or is expected by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group to be, incurred by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group. Except as otherwise disclosed on Schedule 6 hereto, none of Borrower, the other Loan Parties, nor, any member of their respective ERISA Controlled Group has any liability (contingent or otherwise) with respect to any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA or any corresponding state or local law or ordinance. No lien under Section 412(n) of the Code or 302(f) of ERISA or requirement to

provide security under Section 401(a)(29) of the Code or Section 307 of ERISA has been or is reasonably expected by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group to be imposed on the assets of Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group. Neither Borrower nor any other Loan Party is a party to any collective bargaining agreement which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Neither Borrower nor any Loan Party nor any of their ERISA Controlled Group has engaged in any transaction prohibited by Section 406 of ERISA or Section 4975 of the Code for which a statutory or administrative exemption was not available, which could result in any material liability being imposed on any such Person or in a Material Adverse Effect. As of the Closing Date and throughout the term of the Loan, neither Borrower nor any other Loan Party is or will be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and none of the assets of Borrower or any other Loan Party will constitute "plan assets" of one or more such plans for purposes of Title I of ERISA. As of the Closing Date and throughout the term of the Loan, neither Borrower nor any other Loan Party is or will be a "governmental plan" within the meaning of Section 3(3) of ERISA and neither Borrower nor any other Loan Party will be subject to state statutes applicable to Borrower or such Loan Party regulating investments and fiduciary obligations, of Borrower or any Loan Party with respect to governmental plans.

Section 4.13 Closing Date Transactions. On the Closing Date and immediately prior to the making of the initial Advance hereunder, the Transactions (other than the making of the Loan) intended to be consummated on the Closing Date will have been consummated substantially in accordance with the terms of the relevant Loan Documents and in accordance with all Applicable Laws. All consents and approvals of, and filings and registrations with, and all other actions by, any Person (other than Agent, Syndication Agent or any Co-Lender) required in order to make or consummate such Transactions have been obtained, given, filed or taken and are or will be in full force and effect.

Section 4.14 Representations and Warranties in Loan Documents. All representations and warranties made by Borrower, the REIT or any other Loan Party in the Loan Documents are true and correct in all material respects.

Section 4.15 True and Complete Disclosure. All factual information (taken as a whole) furnished by or on behalf of Borrower, the REIT or any other Loan Party in writing to Agent and/or the Syndication Agent on or prior to the Closing Date, for purposes of or in connection with this Agreement or any of the Transactions (the "Furnished Information") is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrower or any other Loan Party in writing to Agent and/or the Syndication Agent will be, true, accurate and complete in all material respects and will not omit any material fact necessary to make such information (taken as a whole) not misleading on the date as of which such information is dated or furnished. As of the Closing Date, there are no facts, events or conditions directly and specifically affecting Borrower, the REIT or any other Loan Party known to Borrower or the REIT or any other Loan Party and not disclosed to Agent and the Syndication Agent, in the Furnished Information, in the Schedules attached hereto or in the other Loan Documents, which, individually or in the aggregate, have or could be reasonably expected to have a Material Adverse Effect.

Section 4.16 Ownership of Real Property Assets; Existing Security Instruments. Borrower or the Operating Entities have good and marketable fee simple or leasehold title in all of the Real Property Assets (other than the Bar Building; with respect to 17 Battery Place, such title is in the form of a tenancy-in-common interest as more fully described in the 17 Battery Place Tenancy Agreement) and good title to all of their personal property subject to no Lien of any kind except for Permitted Liens. The Bar Building Mortgagor has a good and marketable fee simple or leasehold title and leasehold estate, respectively, in the Bar Building. Borrower, or a Guarantor, as applicable, has good and marketable fee simple title to all of the Unencumbered Assets. As of the date of this Agreement, there are no options or other rights to acquire any of the Unencumbered Assets that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Unencumbered Assets other than Permitted Liens.

Section 4.17 No Default. To the best of Borrower's and the other

Loan Party's knowledge, no Default or Event of Default exists under or with respect to any Loan Document. To the best knowledge of Borrower and the other Loan Parties, no Bar Building Event of Default exists. To the best knowledge of Borrower and the other Loan Parties, neither Borrower, any Loan Party nor any of their respective Subsidiaries or the Bar Building Mortgagor is in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its properties or assets is bound in any respect, the existence of which default could result in a Material Adverse Effect. To the best knowledge of Borrower and the other Loan Parties, neither the Bar Building Mortgagor nor the Bar Building is subject to or is an asset in any bankruptcy or similar insolvency proceeding.

Section 4.18 Licenses, etc. Borrower or the applicable Loan Party has obtained and holds in full force and effect, all material franchises, trademarks, tradenames, copyrights, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals which are necessary for the operation of the Real Property Assets and their respective businesses as presently conducted.

Section 4.19 Compliance With Law. Borrower, the REIT and each Loan Party is in compliance with all Applicable Laws and other laws, rules, regulations, orders, judgments, writs and decrees, noncompliance with which would likely result in a Material Adverse Effect.

Section 4.20 Brokers. Borrower, the REIT, each Loan Party, Agent and each Co-Lender hereby represent and warrant that no brokers or finders were used by them in connection with procuring the financing contemplated hereby and Borrower and the REIT hereby agree to indemnify and save Agent and each Co-Lender harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Agent or any Co-Lender as a result of any claim or assertion by any party claiming by, through or under Borrower, the REIT or any Loan Party, that it is entitled to compensation in connection with the financing contemplated hereby and Agent and each Co-Lender hereby agrees to indemnify and save Borrower harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Borrower as a result of any claim or assertion by any party claiming by, through or under Agent or any Co-Lender that it is entitled to compensation in connection with the financing contemplated hereby.

Section 4.21 Judgments. There are no judgments, decrees, or orders of any kind against Borrower or any Loan Party unpaid of record which would materially and adversely affect the ability of Borrower or any Loan Party to comply with its obligations under the Loan or this Agreement in a timely manner. There are (i) no federal tax claims or liens assessed or filed against Borrower or any Loan Party or, to the best of Borrower's knowledge, against 17 Battery Upper Partners, (ii) to the best of Borrower's knowledge, none of the Bar Building Mortgagor, the Bar Building, 17 Battery Upper Partners or 17 Battery Place is subject to or is an asset in any bankruptcy or similar insolvency proceeding, and (iii) there are no material judgments against Borrower or any Loan Party unsatisfied of record or docketed in any court of the States in which the Real Property Assets are located or in any other court located in the United States and no petition in bankruptcy or similar insolvency proceeding has ever been filed by or against Borrower or any Loan Party, and neither Borrower nor any Loan Party has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 4.22 Property Manager. As of the date hereof, the manager of the Real Property Assets is the Manager. The Manager is an Affiliate of the REIT. The leasing agent for the Real Property Assets and the Bar Building is the Manager.

Section 4.23 Assets of the REIT. The sole assets of the REIT are its general partnership interest in the Borrower, such other assets that may be incidental to or required in connection with the ownership of such general partnership interest, and as set forth on Schedule 8. The REIT is the sole general partner of the Borrower.

Section 4.24 REIT Status. The REIT is a "qualified real estate investment trust", as defined in Section 856 of the Code.

Section 4.25 Operations. The REIT conducts its business only through Borrower, except as described on Schedule 9A and the Borrower conducts its business only in its own name, except as described on Schedule 9B.

Section 4.26 Stock. The REIT lists all of its outstanding shares of stock on the New York Stock Exchange.

Section 4.27 Ground Leases. With respect to those Real Property Assets in which Borrower or any other Loan Party or, in the case of the Bar Building, the Bar Building Mortgagor, holds a leasehold estate in the entire Real Property Asset under a ground lease, with respect to each such ground lease (i) Borrower or the respective Loan Party or the Bar Building Mortgagor is the owner of a valid and subsisting interest as tenant under the Ground Lease; (ii) the Ground Lease is in full force and effect, unmodified and not supplemented by any writing or otherwise; (iii) all rent, additional rent and other charges reserved therein have been paid to the extent they are payable to the date hereof; (iv) the remaining term of the Ground Lease, including all extension options that may be unilaterally exercised by the tenant thereunder as of right, is at least twenty-five (25) years after the Maturity Date; (v) Borrower or the respective Loan Party or the Bar Building Mortgagor enjoys the quiet and peaceful possession of the estate demised thereby, subject to any sublease; (vi) to the best knowledge of the Borrower and/or the applicable Loan Party, the Borrower or the respective Loan Party or the Bar Building Mortgagor is not in default under any of the terms thereof and there are no circumstances which have occurred and, with the passage of time or the giving of notice or both, would constitute an event of default thereunder; (vii) to the best knowledge of the Borrower and/or the applicable Loan Party, the lessor under the Ground Lease is not in default under any of the terms or provisions thereof on the part of the lessor to be observed or performed; (viii) to the best knowledge of the Borrower and/or the applicable Loan Party, the lessor under the Ground Lease has satisfied all of its repair or construction obligations, if any, to date pursuant to the terms of the Ground Lease; (ix) Schedule 10 lists all the Ground Leases to which any of the Real Property Assets are subject and all amendments and modifications thereto; and (x) the lessor indicated on Schedule 10 for each Ground Lease is the current lessor under the related Ground Lease.

Section 4.28 Guarantors. Each Guarantor is a wholly-owned Subsidiary of Borrower.

Section 4.29 Status of Property. With respect to each Real Property Asset, except as set forth on Schedule 12:

(a) No portion of any improvement on the Real Property Asset is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, or any successor law, or, if located within any such area, Borrower or the respective Loan Party has obtained and will maintain the insurance prescribed in Section 5.03 hereof.

(b) Borrower or the respective Loan Party has obtained all necessary certificates, licenses and other approvals, governmental and otherwise, necessary for the operation of the Real Property Asset and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof.

(c) To the best knowledge of Borrower or the REIT, the Real Property Asset and the present and contemplated use and occupancy thereof are in full compliance with all applicable zoning ordinances (without reliance upon grandfather provisions or adjoining or other properties), building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

(d) The Real Property Asset is served by all utilities required for the current or contemplated use thereof. All utility service is provided by public utilities and the Real Property Asset has accepted or is equipped to accept such utility service.

(e) All public roads and streets necessary for service of and access to the Real Property Asset for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public.

(f) The Real Property Asset is served by public water and sewer systems or, if the Real Property Asset is not serviced by a public water and sewer system, such alternate systems are adequate and meet, in all material respects, all requirements and regulations of, and otherwise complies in all material respects with, all Applicable Laws.

(g) Neither Borrower nor the respective Loan Party is aware of any latent or patent structural or other significant deficiency of the Real Property Asset. The Real Property Asset is free of damage and waste that would materially and adversely affect the value of the Real Property Asset, is in good repair and there is no deferred maintenance other than ordinary wear and tear. The Real Property Asset is free from damage caused by fire or other casualty. There is no pending or, to the actual knowledge of Borrower or the REIT, threatened condemnation proceedings affecting the Real Property Asset, or any part thereof.

(h) To the best knowledge of Borrower or the REIT, all costs and expenses of any and all labor, materials, supplies and equipment used in the construction of the improvements on the Real Property Asset have either (i) been paid in full, (ii) are not yet due and payable or (iii) are being contested in good faith by Borrower or the applicable Loan Party. Subject to Borrower's or the respective Loan Party's right to contest as set forth in any Permitted Mortgage Debt related to such Real Property Asset, there are no mechanics' or similar liens or claims that have been filed and recorded for work, labor or materials that affects the Real Property Asset and that are or may be liens prior to, or coordinate with, the lien of this Security Instrument.

(i) Borrower or the respective Loan Party has paid in full for, and is the owner of, all furnishings, fixtures and equipment (other than tenants' property) used in connection with the operation of the Real Property Asset, free and clear of any and all security interests, liens or encumbrances, except for Permitted Liens and purchase money financing which is not a Lien on the fee title of such Real Property Asset and is incurred in the ordinary course of business.

(j) All liquid and solid waste disposal, septic and sewer systems located on the Real Property Asset are in a good and safe condition and repair and in compliance with all Applicable Laws.

(k) All amenities, access routes or other items that materially benefit the Real Property Asset are under direct control of Borrower or the respective Loan Party, constitute permanent easements that benefit all or part of the Real Property Asset or are public property, and the Real Property Asset, by virtue of such easements or otherwise, is contiguous to a physically open, dedicated all weather public street, and has the necessary permits for ingress and egress.

(l) There are no delinquent taxes, ground rents, water charges, sewer rents, assessments (including assessments payable in future installments), insurance premiums, leasehold payments, or other outstanding charges affecting the Real Property Asset.

(m) The Real Property Asset is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Real Property Asset or any portion thereof.

(n) With respect to Leases which relate to Real Property Assets owned by Borrower or the respective Loan Party, (i) Borrower or the respective Loan Party is the sole owner of the entire lessor's interest in the Leases; (ii) to the best knowledge of Borrower or the REIT, the Leases are valid and enforceable; (iii) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by Agent; (iv) with respect to the Unencumbered Assets none of the rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (v) none of the rents have been collected for more than one (1) month in advance; (vi) the premises demised under the Leases have been completed and the tenants under the Leases have accepted the same and have taken possession of the same on a rent-paying basis; (vii) to the best knowledge of Borrower or the REIT, there exist no offsets or defenses to the payment of any portion of the rents; (viii) with respect to Unencumbered Assets no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (ix) no person or entity has any possessory interest in, or right to occupy, the Real Property Asset except under and pursuant to a Lease; (x) with respect to Unencumbered Assets, there are no prior assignments, pledges, hypothecations or other encumbrances of any Leases or any portion of rents due and payable or to become due and payable thereunder which are presently outstanding; and

(xi) the Real Property Asset is not subject to any Lease other than the Leases described in the rent rolls delivered pursuant to Section 5.01(a).

(o) No portion of the Real Property Asset has been or will be purchased with proceeds of any illegal activity.

(p) All contracts, agreements, consents, waivers, documents and writings of every kind or character at any time to which the Borrower or any Loan Party is a party to be delivered to Agent pursuant to any of the provisions hereof are valid and enforceable against the Borrower and such Loan Party and, to the best knowledge of Borrower, are enforceable against all other parties thereto, and in all respects are what they purport to be and, to the best knowledge of Borrower, to the extent that any such writing shall impose any obligation or duty on the party thereto or constitute a waiver of any rights which any such party might otherwise have, said writing shall be valid and enforceable against said party in accordance with the terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

Section 4.30 Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the indebtedness evidenced by the Note has been fully paid and satisfied and Lender and the Co-Lenders have no further commitment to advance funds hereunder. The request for any Advance under this Agreement by Borrower or on its behalf shall constitute a certification that the aforesaid representations and warranties are true and correct in all material respects as of the date of such request, except to the extent any such representation or warranty shall relate solely to an earlier date.

SECTION 5. AFFIRMATIVE COVENANTS.

Borrower and the REIT covenant and agree that on and after the Closing Date and until the Obligations (other than inchoate indemnity and expense reimbursement obligations) are paid in full:

Section 5.01 Financial Reports. (a) Borrower will furnish to Agent: (i) annual audited consolidated financial statements of the REIT and its Consolidated Subsidiaries prepared in accordance with GAAP within 90 days (or within up to 105 days if Borrower receives such an extension from the Securities and Exchange Commission) of the end of the REIT's fiscal year prepared by nationally recognized independent public accountants (which accountant's opinion shall be unqualified) including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period; (ii) within 45 days after the close of each quarterly accounting period in each fiscal year, the management prepared consolidated balance sheet of each of the REIT and its Consolidated Subsidiaries and each of Borrower and its Consolidated Subsidiaries, as of the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP (subject to non-material audit adjustments and the absence of full footnote disclosures); (iii) quarterly and annual operating statements (prepared on a basis consistent with that used in the preparation of the GAAP aforesaid financial statements of the REIT) for each Unencumbered Asset, including a comparison with the most recent Annual Operating Budget, within 45 days of the end of each calendar quarter, (iv) annual unaudited consolidated financial statements of Borrower and its Consolidated Subsidiaries prepared in accordance with GAAP (subject, in the case of unaudited statements, to non-material audit adjustments and the absence of full footnote disclosures) within 90 days of the end of Borrower's fiscal year and, if audited, prepared by independent public accountants (which accountant's opinion shall be unqualified), including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period; and (v) copies of all of the REIT's and Borrower's quarterly and annual filings with the Securities and Exchange Commission and all shareholder reports and letters to the REIT's and Borrower's shareholders or partners, as the case may be and all other publicly released information promptly but in no event later than thirty (30) days after their filing or mailing; and (vi) an annual operating and capital budget for each of the Unencumbered Assets (the "Annual Operating Budget"), including cash flow projections for the upcoming year, presented on a monthly basis consistent with the quarterly and annual operating statements referred to in clause (iii) above at least 30 days prior to the start of each calendar year. Borrower and the REIT will furnish such additional reports or data, but no more often than on a quarterly basis, as Agent may reasonably request

including, without limitation, monthly operating statements, a certified rent roll, leasing and management reports for each Unencumbered Asset, and an accounting for security deposits. Borrower and the REIT shall maintain a system of accounting capable of furnishing all such information and data, and shall maintain its books and records respecting financial and accounting matters in a proper manner and on a basis consistent with that used in the preparation of the aforesaid financial statements of Borrower.

(b) Officer's Certificates; Comfort Letters. (i) At the time of the delivery of the financial statements under clause (a) above, Borrower shall provide a certificate signed by a Responsible Officer of the REIT on behalf of the Borrower and the REIT for itself and as general partner of Borrower that such (x) financial statements have been prepared in accordance with GAAP (unless such financial statements are not required to be prepared in accordance with GAAP pursuant to this Agreement) and fairly present the consolidated financial condition and the results of operations of the REIT, its Consolidated Subsidiaries, Borrower, its Consolidated Subsidiaries and the Unencumbered Assets, as applicable, on the dates and for the periods indicated, subject, in the case of interim financial statements, to normally recurring year end adjustments, (y) to the best knowledge of Borrower and the REIT that no Default or Event of Default has occurred on the date of such certificate or, if any Default or Event of Default has occurred and is continuing on such date, specifying the nature and extent thereof and the action Borrower has taken, is taking and/or proposes to take in respect thereof and (z) that since the date of the most recent prior annual and quarterly financial statements delivered pursuant to such clause no change has occurred in the financial position of Borrower or the REIT or their respective Consolidated Subsidiaries, which change could result in a Material Adverse Effect, and (ii) at the time of delivery of the Annual Operating Budget pursuant to Section 5.01(a)(v), a written statement of the assumptions used in connection with respect to the Annual Operating Budget, together with a certificate of the REIT for itself and as general partner of Borrower to the effect that such budget and assumptions are reasonable and represent Borrower's or the appropriate Loan Party's good faith estimate of such Net Operating Income and anticipated capital expenditures, it being understood and agreed that there may often be a difference between financial projections and actual results.

(ii) Within 45 days of the end of each calendar quarter, Borrower shall provide a certificate of the REIT for itself and as a general partner of Borrower substantially in the form attached as Exhibit "H" hereto ("Compliance Certificate") certifying that no Default or Event of Default has occurred, that there has been no change in the REIT's tax status as a real estate investment trust, as defined under Section 856 of the Code, and demonstrating compliance with the Financial Covenants and with Section 6.15 hereof (including providing copies of the most recently available unaudited operating statements of the Unencumbered Assets) and the provisions of Sections 5.12, 5.13, 5.19, 5.27(b), 5.31 and 6.09, and containing calculations verifying such compliance commencing with the calendar quarter ending on December 31, 1997; provided that the certificate for the last calendar quarter with respect to Sections 5.16, 5.17, 5.18, 6.07 and 6.11 may be delivered within 90 days after the end of such fiscal year with the audited financial statements for the year then ended.

(iii) Within 90 days of the end of Borrower's fiscal year through the Maturity Date, Borrower and the REIT, at Borrower and the REIT's sole cost and expense, shall provide an agreed upon procedures letter or audit prepared by a nationally recognized independent certified public accounting firm satisfactory to Agent verifying that the covenants contained in Sections 5.16, 5.17, 5.18, 5.19, 6.07 and 6.11 are complied with at the end of such period.

(c) Notice of Default or Litigation. Promptly after Borrower or any other Loan Party obtains actual knowledge thereof, Borrower and the REIT shall give Agent notice of (i) the occurrence of a Default or any Event of Default, (ii) the occurrence of (v) any default that is not cured, or any event of default, under any partnership agreement of Borrower, any Loan Party, any mortgage, deed of trust, indenture or other debt or security instrument, covering obligations in a principal amount in excess of $1,000,000.00 and covering any of the Assets of Borrower or (w) any event of default under any other material agreement to which Borrower, the REIT or any other Loan Party is a party, which, if not cured could be reasonably expected to result in a Material Adverse Effect, (x) the occurrence of any Bar Building Event of Default, (y) any event, act or condition which may render the Transfer and Escrow Agreement and the related Bar Building Loan Documents unenforceable in whole or part, (z) if the Bar Building Mortgagor or the Bar Building or 17 Battery Upper Partners or 17 Battery Place or any interest therein is subject to any bankruptcy or similar insolvency proceeding, (iii) if 17 Battery Upper Partners or 17 Battery Place is subject to any federal

tax lien or claim, (iv) any litigation or governmental proceeding pending or threatened (in writing) against Borrower, the REIT or any other Loan Party or the Bar Building Mortgagor or 17 Battery Upper Partners which could be reasonably expected to result in a Material Adverse Effect and (iv) any other event, act or condition which could be reasonably expected to result in a Material Adverse Effect. Each notice delivered pursuant to this Section 5.01(c) shall be accompanied by a certificate of the REIT for itself and as general partner of Borrower setting forth the details of the occurrence referred to therein and describing the actions Borrower and the REIT have taken, are taking or propose to take with respect thereto.

(d) Asset Information. Promptly after they have been prepared, but in no event later than the time frames set forth in Section 5.01(a), Borrower shall deliver to Agent schedules that provide the following information:

(i) Funds from Operations of Borrower and the REIT calculation for the preceding quarter;

(ii) Adjusted NOI for the preceding quarter for each Real Property Asset;

(iii) Consolidated listing of all Unsecured Debt, Secured Indebtedness and Secured Recourse Indebtedness;

(iv) Listing of the Book Value of each Permitted Investment; and

(v) Listing of all Real Property Assets and Other Assets acquired, transferred or sold during the preceding quarter and the Purchase Price paid or price received, as the case may be, for such Asset.

(e) Intentionally Deleted.

(f) Tenants. With respect to Unencumbered Assets, Borrower shall notify Agent within 15 days of any change in occupancy, lease commencement, extension, expiration, termination or default with respect to tenants under any lease for more than 10,000 square feet.

(g) Tax Returns. Promptly after they are filed with the Internal Revenue Service, copies of all annual federal income tax returns and amendments thereto of the Borrower, the REIT and the Loan Parties.

(h) Condemnation and Casualty. Borrower shall immediately notify Agent of any fire or other casualty or any pending or threatened condemnation or eminent domain proceeding with respect to all or any portion of an Unencumbered Asset.

(i) Other Information. From time to time, Borrower shall provide such other information and financial documents relating to Borrower as Agent may reasonably request subject to the terms of any written confidentiality agreements to which Borrower is a party.

Section 5.02 Books, Records and Inspections. Borrower shall, and shall cause each applicable Loan Party to, at Borrower's or such Loan Party's principal place of business or at each Real Property Asset, keep proper books of record and account in which full, true and correct entries shall be made. Borrower shall and shall cause each applicable Loan Party to, permit officers and designated representatives of Agent, at Agent's expense to visit and inspect any of the Real Property Assets, and to examine and copy the books of record and account of Borrower and any Loan Party and the Real Property Assets (including, without limitation, leases, statements, bills and invoices), discuss the affairs, finances and accounts of Borrower and any Loan Party, and be advised as to the same by, its and their officers and independent accountants, all upon reasonable notice and at such reasonable times as Agent may desire. Any Co-Lender may accompany the Agent on such visit or inspection.

Section 5.03 Maintenance of Insurance. (a) Borrower and the other Loan Parties shall (i) maintain with financially sound and reputable insurance companies insurance on itself and its Other Assets in commercially reasonable amounts, (ii) maintain Agent as named additional insured in re-

spect of any such liability insurance required to be maintained hereunder, and (iii) furnish to Agent from time to time, upon written request, certificates of insurance or certified copies or abstracts of all insurance policies required under this Agreement and such other information relating to such insurance as Agent or any Co-Lender may reasonably request.

(b) With respect to the Bar Building, Borrower shall require the Bar Building Mortgagor to carry the insurance coverage required under the Bar Building Loan Documents; with respect to each Real Property Asset other than the Bar Building, Borrower shall obtain and maintain, or cause to be maintained, insurance providing at least the following coverages; provided, however, that Borrower shall insure or provide gap insurance for such risks and in such amounts as may be necessary to provide the coverage set forth below for the Bar Building:

(i) comprehensive all risk insurance on the Real Property Assets, including contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements, in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, but the amount shall in no event be less than the outstanding principal balance of the Note; (B) containing an agreed amount endorsement with respect to the improvements owned or leased by Borrower waiving all co-insurance provisions; (C) providing for no deductible in excess of $50,000; and (D) containing an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the improvements or the use of the Real Property Asset shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twenty-four (24) calendar months) at the request of Agent by an appraiser or contractor designated and paid by Borrower and approved by Agent, which approval shall not be unreasonably withheld, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Agent to request any such ascertainment shall relieve Borrower of any of its obligations under this Section. In addition, Borrower shall obtain (y) flood hazard insurance if any portion of the improvements is currently or at any time in the future located in a federally designated "special flood hazard area", or otherwise required by Agent and (z) earthquake insurance in amounts and in form and substance satisfactory to Agent and the Majority Co-Lenders in the event the Real Property Asset is located in an area with a high degree of seismic activity, or otherwise as required by Agent, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this Section 5.03, except that the deductible on such insurance shall not be in excess of five percent (5%) of the appraised value of the Real Property Asset;

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Real Property Asset, such insurance (A) to be on the so-called "occurrence" form with a combined single limit of not less than $1,000,000; (B) to continue at not less than the aforesaid limit until required to be changed by Agent in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; and (4) blanket contractual liability for all written and oral contracts;

(iii) business income and rent loss insurance (A) covering all risks required to be covered by the insurance provided for in Subsection 5.03(b)(i); (B) containing an extended period of indemnity endorsement which provides that after the physical loss to the improvements and personal property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date of the loss, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (C) in an amount equal to 100% of the projected gross income from the Real Property Asset for a period of twelve (12) months. The amount of such business income insurance shall be determined prior to the date hereof and at least once each year thereafter based on the greatest of: (x) Borrower's reasonable estimate of the gross income from the Real Property Asset; and (y) the estimate of gross income set forth in the annual operating budget delivered pursuant to Section 5.01(a);

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Real Property Asset (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in clause (i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Section 5.03(b)(i), (3) including permission to occupy the Real Property Asset, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) if Borrower now or hereafter has any employees, workers' compensation, subject to the statutory limits of the state in which the Real Property Asset is located, and employer's liability insurance (A) with a limit per accident and per disease per employee, and (B) in an amount for disease aggregate in respect of any work or operations on or about the Real Property Asset, or in connection with the Real Property Asset or its operation (if applicable), in each case reasonably required by Agent;

(vi) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Agent on terms consistent with the commercial general liability insurance policy required under Subsection 3.3(a)(ii);

(vii) umbrella liability insurance in an amount not less than $20,000,000 per occurrence on terms consistent with the commercial general liability insurance policy required under Subsection 3.3(a)(ii);

(viii) motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of $5,000,000; and

(ix) such other insurance and in such amounts as Agent from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Real Property Asset located in or around the region in which the Real Property Asset is located.

(c) All insurance provided for hereunder shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), and shall be subject to the approval of Agent and the Majority Co-Lenders (which approval shall not be unreasonably withheld) as to insurance companies, amounts, forms, deductibles, loss payees and insurers. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the state in which the Real Property Asset is located. Each insurance company must have a rating of "A" or better for claims paying ability assigned by Standard & Poor's Rating Group or, if Standard & Poor's Rating Group does not assign a rating for such insurance company, such insurance company must have a general policy rating of A or better and a financial class of VIII or better by Best (each such insurer shall be referred to below as a "Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to Agent, certified copies of the Policies marked "premium paid" or accompanied by evidence reasonably satisfactory to Agent of payment of the premiums due thereunder shall be delivered by Borrower to Agent; provided, however, that in the case of renewal Policies, Borrower may furnish Agent with binders therefor to be followed by the original Policies when issued.

(d) Borrower shall not obtain (i) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by Agent and approved by the Majority Co-Lenders (which consent shall not be unreasonably withheld) and such Policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Section 5.03(b) to be furnished by, or which may be reasonably required to be furnished by, Borrower. In the event Borrower obtains separate insurance or an umbrella or a blanket Policy, Borrower shall notify Agent of the same and shall cause certified copies of each Policy to be delivered as required in Section 5.03(b). Any blanket insurance Policy shall (a) specifically allocate to the Real Property Asset the amount of coverage from time to time required hereunder or (b) be written on an occurrence basis for the coverages required hereunder with a limit per occurrence in an amount equal to the amount of coverage required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 5.03(b).

(e) All Policies of insurance provided for in Section 5.03(b) shall contain clauses or endorsements to the effect that:

(i) the Policy shall not be materially changed (other than to

increase the coverage provided thereby) or canceled without at least 30 days' written notice to Agent and any other party named therein as an insured; and

(ii) each Policy shall provide that the issuers thereof shall give written notice to Agent if the Policy has not been renewed thirty (30) days prior to its expiration.

(f) Borrower shall furnish to Agent, on or before thirty (30) days after the close of each of Borrower's fiscal years, a statement certified by Borrower or a duly authorized officer of Borrower of the amounts of insurance maintained in compliance herewith, of the risks covered by such insurance and of the insurance company or companies which carry such insurance and, if requested by Agent, verification of the adequacy of such insurance by an independent insurance broker or appraiser acceptable to Agent.

(g) If at any time Agent is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Agent shall have the right, without notice to Borrower to take such action as Agent deems reasonably necessary to protect its interest in the Real Property Assets, including, without limitation, the obtaining of such insurance coverage as Agent and the Co-Lenders deems appropriate, and all reasonable expenses incurred by Agent and the Co-Lenders in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower and the REIT to Agent promptly after demand and shall bear interest in accordance with Section 10.2 hereof.

(h) If the Real Property Assets shall be damaged or destroyed, in whole or in part, by fire or other casualty, or condemned or taken by eminent domain, Borrower shall give prompt notice of such damage or taking to Agent and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Real Property Asset as nearly as possible to the condition the Real Property Asset was in immediately prior to such fire or other casualty or taking (the "Restoration"). Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance or any condemnation award.

Section 5.04 Taxes. Borrower and the other Loan Parties shall pay or cause to be paid, when due (i.e., before any penalty or fine could be levied or charged), all taxes, charges and assessments and all other lawful claims required to be paid by Borrower, the other Loan Parties, except as contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves have been established with respect thereto in accordance with GAAP. Upon request from Agent, Borrower shall provide evidence to Agent of payment of such taxes, charges, assessments and other lawful claims.

Section 5.05 Corporate Franchises; Conduct of Business. (a) Borrower and each Loan Party shall do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and good standing in the State of its organization and in each state in which a Real Property Asset is located, and its respective franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals, except where the failure to so preserve any of the foregoing (other than existence and good standing) would not, individually or in the aggregate, result in a Material Adverse Effect.

(b) The Borrower shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted and only by the Borrower through itself or the Guarantors, except as described on Schedule 9B.

(c) The REIT shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted and only through Borrower, except as described in Schedule 9A.

Section 5.06 Compliance with Law. Borrower and the other Loan Parties shall comply with all Applicable Laws, rules, statutes, regulations, decrees and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their business and the ownership of their property (including the Real Property Assets), except for such laws, rules, statutes, regulations, decrees, orders and restrictions, (a) which Borrower or such other Loan Party are contesting in good faith and in compliance with and pursuant to appropriate proceedings diligently prosecuted (provided that such contest does not and cannot (i) expose any of Agent, the Co-Lenders Borrower, the other Loan Parties to any

criminal liability or penalty, (ii) give rise to a Lien against any of the Assets or any Real Property Asset, or (iii) otherwise materially adversely affect any of the Assets or the value thereof), or (b) the failure to observe which, taken individually or in the aggregate, could not be reasonably expected to result in a Material Adverse Effect. Borrower, the REIT and the applicable Loan Parties shall not use or permit the use of all or any portion of any Real Property Asset for any illegal activity.

Section 5.07 Performance of Obligations. Borrower, the REIT and each Loan Party shall perform all of their obligations under the terms of each mortgage, indenture, security agreement, debt instrument, lease, undertaking and contract by which it or any of its Real Property Assets is bound or to which it is a party.

Section 5.08 Stock. The REIT shall cause its issued and outstanding shares of stock to be listed for trading on the New York Stock Exchange.

Section 5.09 Change in Rating. Borrower shall promptly notify Agent in writing of the initial receipt of and any subsequent change, downgrade or withdrawal, or threatened change, downgrade or withdrawal of Borrower's or the REIT's Unsecured Debt Rating.

Section 5.10 Maintenance of Properties. Borrower and the other Loan Parties shall ensure that the Real Property Assets are kept in their current condition and repair, normal wear and tear, pending capital improvements and casualty damage in the process of being repaired or restored excepted.

Section 5.11 Compliance with ERISA. (a) Borrower and the other Loan Parties shall maintain each Employee Benefit Plan and Plan in material compliance with all material applicable requirements of ERISA and the Code and with all material applicable final regulations promulgated thereunder. Borrower and the other Loan Parties shall provide to Agent, within ten (10) days of sending or receipt by Borrower or the other Loan Parties, copies of all filings or correspondence with the Internal Revenue Service, PBGC, Department of Labor, Plan, Multiemployer Plan or union, regarding any Plan, or regarding or disclosing any liability or potential liability or violation of law under any Employee Benefit Plan.

(b) Borrower and the other Loan Parties shall also provide to Agent, with ten (10) days of filing or receipt by Borrower or the other Loan Parties, (i) any notice from the Department of Labor or Internal Revenue Service of assessment or investigation regarding a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA, (ii) any notice from a Multiemployer Plan of withdrawal with respect to a Multiemployer Plan, (iii) notice from the Internal Revenue Service of imposition of excise tax with respect to an Employee Benefit Plan, (iv) any Form 5500 filed by any Borrower or Loan Party with respect to an Employee Benefit Plan which includes a qualified accountant's opinion, or (v) notice regarding a proposed termination from the PBGC.

(c) Neither Borrower nor any other Loan Party shall engage in any transaction which could reasonably be expected to cause any obligation, or action taken or to be taken, hereunder (or the exercise by Agent or the Co-Lenders of any of its rights under this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or result in a violation of a state statute regulating governmental plans that would subject Agent or any Co-Lender to liability for a violation of ERISA or such a state statute.

(d) Borrower and the REIT further covenant and agree to deliver to Agent such certifications or other evidence from time to time throughout the term of the Loan, as reasonably requested by Agent or the Co-Lenders in their sole discretion, that (i) neither Borrower nor any other Loan Party is an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (ii) neither Borrower nor any other Loan Party is subject to state statutes applicable to Borrower or any Loan Party regulating investments and fiduciary obligations of Borrower or any Loan Party with respect to governmental plans; and (iii) with respect to each Loan Party and Borrower, at least one of the following circumstances is true:

(i) Equity interests in Borrower or such Loan Party are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(ii) Less than 25 percent of each outstanding class of equity interests in Borrower or such Loan Party are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(iii) Borrower or such Loan Party qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940.

Section 5.12 Settlement/Judgment Notice. Borrower agrees that it shall, within ten (10) days after it effects a settlement of any obligation in excess of $1,000,000.00 provide written notice to Agent of such settlement together with a certification signed by the REIT for itself and as general partner of Borrower certifying based upon the most recent quarterly consolidated financial statements of Borrower, the REIT and their Consolidated Subsidiaries, such settlement will not cause Borrower or the REIT to violate the financial covenants set forth in Sections 5.16, 5.17 and 5.18 hereof. Borrower further agrees that it shall, within ten (10) days after entry against it of a final judgment in excess of $1,000,000.00 or final judgments in excess of $1,000,000.00 in the aggregate (to the extent not covered by insurance) during the immediately preceding twelve (12) month period, provide written notice to Agent of such judgment together with a certification signed by the REIT for itself and a general partner of Borrower certifying based upon the most recent quarterly consolidated financial statements of Borrower, the REIT and their Consolidated Subsidiaries, that such judgment will not cause Borrower or the REIT to violate the financial covenants set forth in Sections 5.16 and 5.17 hereof.

Section 5.13 Acceleration Notice. Borrower agrees that it shall, within ten (10) days after receipt of written notice that any Indebtedness of Borrower or any Loan Party in a principal amount not to exceed $1,000,000.00 has been accelerated, provide written notice to Agent of such acceleration.

Section 5.14 Intentionally Deleted.

Section 5.15 Intentionally Deleted.

Section 5.16 Minimum Net Worth. The consolidated minimum Net Worth of Borrower, calculated as the sum of shareholder's equity pursuant to the REIT's consolidated balance sheet and minority interests, shall not, at any time, be less than $140,000,000.00 plus 75% of the net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity offering) received by Borrower from equity offerings by the REIT subsequent to the date hereof, calculated on a GAAP basis.

Section 5.17 Total Indebtedness.

(a) The maximum consolidated Total Debt of Borrower, the REIT and their Consolidated Subsidiaries, without duplication, shall not exceed at any time 50% the combined Total Value of all Assets of the Borrower and its Consolidated Subsidiaries.

(b) The maximum consolidated aggregate Unsecured Debt of Borrower, the REIT and their Consolidated Subsidiaries, without duplication, shall not exceed at any time 50% of the Total Unencumbered Asset Value.

Section 5.18 Coverage Ratios.

(a) The ratio of (x) actual Adjusted EBITDA of Borrower and its Consolidated Subsidiaries for any period of three consecutive months (the "Base Period"), to (y) the Debt Service and Fixed Charges of the Borrower, the REIT and their Consolidated Subsidiaries, without duplication, for such Base Period shall not at any time be less than 1.80 to 1.

(b) The ratio of (x) actual Adjusted NOI from the Unencumbered Assets less Minimum Tenant Improvement Reserves and Minimum Leasing Commission Reserves with respect to such Unencumbered Assets for the applicable Base Period to (y) Assumed Debt Service with respect to all Unsecured Debt of Borrower, the REIT and their Consolidated Subsidiaries (including, without duplication, the Loan), without duplication, outstanding at the end of the Base Period shall not at any time be less than 1.70 to 1.

(c) The Coverage Ratios required to be maintained pursuant to this

Section 5.18 shall be calculated by Borrower on a monthly basis at the end of each calendar month.

Section 5.19 Replacement Reserve. Borrower shall maintain or cause to be maintained, at all times a minimum reserve of $0.40 per square foot for all Real Property Assets in the form of (a) readily available and unrestricted cash and Cash Equivalents or (b) borrowing capacity under this Agreement, as measured by the unfunded portion of the Facility Amount.

Section 5.20 Intentionally Deleted.

Section 5.21 Manager. The Real Property Assets shall at all times be managed by the Manager or the Borrower or a wholly owned Subsidiary of Borrower pursuant to a management agreement reasonably satisfactory to the Majority Co-Lenders. If (i) any manager of an Unencumbered Asset shall become insolvent or (ii) an Event of Default shall occur and be continuing, then the Majority Co-Lenders, at their option, may require Borrower to engage a bona-fide, independent third party management agent approved by the Majority Co-Lenders, in their reasonable discretion (the "New Manager") to manage such Real Property Asset. The New Manager shall be engaged by Borrower pursuant to a written management agreement that complies with the terms hereof and is otherwise reasonably satisfactory to the Majority Co-Lenders in all respects and the New Manager shall execute and deliver to Agent a Subordination of Management Agreement.

Section 5.22 Further Assurances. Borrower will, at Borrower's sole cost and expense, at any time and from time to time upon request of Agent take or cause to be taken any action and execute, acknowledge, deliver or record any further documents, opinions, negative pledge agreements or other instruments which Agent or any Co-Lender in its reasonable discretion deems necessary or appropriate to carry out the purposes of this Agreement and the other Loan Documents including to consummate the transfer or sale of the Loan or any portion thereof, provided that Borrower shall not be required to amend or modify this Agreement or any other Loan Documents in a material manner.

Section 5.23 REIT Status. The REIT shall at all times maintain its status as a "qualified real estate investment trust" under Section 856 of the Code.

Section 5.24 Additional Covenants. (a) Borrower and the REIT shall give prompt notice to Agent of the receipt by Borrower, the REIT or any Loan Party of (i) any notice related to a violation of any Applicable Laws and (ii) the commencement of any proceedings or investigations which relate to compliance with Applicable Laws which in any instance could be reasonably expected to have a Material Adverse Effect.

(b) Borrower and the REIT will take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at any Real Property Asset.

Section 5.25 Minimum Unencumbered Assets. The Total Unencumbered Asset Value shall not, at any time, be less than $50,000,000.00. The number of Unencumbered Assets shall not, at any time, be less than three (3).

Section 5.26 Keep Well Covenants. The Borrower and the REIT shall (a) cause each Guarantor to be operated and managed in such a manner that it will fulfill its obligations under the Guaranty; (b) not file any petition for relief under the United States Bankruptcy Code or under any similar federal or state law against any such Guarantors; and (c) provide funding to each Guarantor to the extent necessary to enable each Guarantor to fulfill its obligations under the Guaranty and to remain Solvent.

Section 5.27 Existing Environmental Conditions, Required Repairs and Preparation of Environmental Reports. (a) At the request of Agent, at any time that Agent has a reason to believe that there may be Hazardous Substances present on any Real Property Asset or any violation of Environmental Law with respect to any Real Property Asset, Borrower shall provide to Agent, within sixty (60) days after such request, at the expense of Borrower and the REIT, an Environmental Report for all Real Property Assets that have been acquired after the date hereof, or with respect to the

Real Property Assets owned as of the date hereof, any Real Property Asset for which Agent has a reasonable basis for requiring such an Environmental Report (including, without limitation, the fact that an environmental report was not delivered at or prior to the Closing Date or there is a basis to believe that there may be Hazardous Materials or a threat of a Release with respect to such Real Property Asset) as described in such request. Without limiting the generality of the foregoing, if Agent or the Majority Co-Lenders determine at any time that a material risk exists that any such Environmental Report will not be provided within the time referred to above, Agent may retain an environmental consulting firm to prepare such Environmental Report at the expense of Borrower and the REIT, and Borrower hereby grants and agrees to cause any Loan Party which owns any Real Property Asset described in such request to grant at the time of such request, to Agent, such firm and any agents of representatives thereof an irrevocable non-exclusive license, subject to the rights of tenants, to enter onto their respective Real Property Assets to undertake such an assessment.

(b) Borrower shall, within twelve (12) months of the Closing Date cause the environmental conditions and maintenance/repairs (the "Post-Closing Repairs") set forth on Schedule 16 attached hereto for each of the Unencumbered Assets set forth therein to be remediated or completed. Borrower further agrees to deliver evidence reasonably satisfactory to the Lender and each Co-Lender that the Post-Closing Repairs have been fully completed and paid for within such twelve (12) month period in a manner not inconsistent with the terms of this Agreement.

Section 5.28 Unused Borrowing Capacity. Borrower shall at all times maintain borrowing capacity under the Facility, as measured by the then unfunded portion of the Facility Amount then available, equal to the aggregate of all costs that would have to be paid to release the deed to the Bar Building from escrow, record it in the appropriate real estate records, and transfer full fee and leasehold title to the Bar Building to Borrower or Lender, as applicable, including without limitation, the payment of any required purchase price, all transfer taxes and recording charges, the costs to purchase an owner's title insurance policy in the amount of the fair market value of the Bar Building, and all reasonable legal fees and expenses in connection therewith, which amount is approximately equal to $1,000,000.00.

Section 5.29 Compliance with Terms of Leaseholds. Borrower, the REIT and the applicable Loan Party shall, subject to good faith disputes with tenants thereunder, make all payments and otherwise perform all obligations in respect of Leases of real property, keep such Leases in full force and effect and not allow such Leases to lapse or be terminated or any rights to renew such Leases to be forfeited or canceled, notify the Agent of any default by any party with respect to such Leases (to the extent known to Borrower) and cooperate with the Agent in all respects to cure any such default and cause each Loan Party to do so.

Section 5.30 Equity or Debt Offerings. All net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity or debt offering) from any equity or debt offering by the REIT shall be promptly distributed to Borrower.

Section 5.31 Notice of Certain Events. Borrower shall, within ten (10) days of obtaining actual knowledge thereof, notify Agent of (i) any execution of, or material modification to, cancellation, surrender or termination of any lease or sublease relating to the Bar Building, (ii) any change in the identity of any lessee or sublessee of the Bar Building or (iii) any lapse in insurance coverage or any tax delinquency relating to the Bar Building or (iv) any casualty to or condemnation of all or any part of the Bar Building or (v) any material environmental condition with respect to the Bar Building or (vi) the occurrence of any Bar Building Event of Default or (vii) the occurrence of any default that continues beyond the expiration of any applicable notice or cure period under the 17 Battery Place Transaction Documents.

Section 5.32 17 Battery Place Condominium. Borrower and SLG 17 Battery LLC shall diligently take all actions required to convert 17 Battery Place into a condominium pursuant to the terms and provisions of, and within the time frame contemplated in, the 17 Battery Place Transaction Documents.

SECTION 6. NEGATIVE COVENANTS.

Borrower and the REIT covenant and agree that on and after the Closing Date until the Obligations (other than inchoate indemnity and expense

reimbursement Obligations) are paid in full:

Section 6.01 Bar Building and 17 Battery Place. Neither Borrower nor SLG 17 Battery LLC shall not amend, waive or modify any of its rights or any defaults with respect to any Bar Building Loan Document or the 17 Battery Place Transaction Documents. Other than immaterial or ministered changes, neither Borrower, nor SLG 17 Battery LLC shall amend or modify any of the terms or conditions of any Bar Building Loan Document or the 17 Battery Place Transaction Documents without the prior written consent of the Majority Co-Lenders.

Section 6.02 Intentionally Deleted.

Section 6.03 Liens. Borrower and the other Loan Parties shall not, create, incur, assume or suffer to exist, directly or indirectly, any Lien on any Unencumbered Asset other than the following (collectively, the "Permitted Liens"):

(a) The Liens forth on Schedule 7 which exist as of the Closing Date;

(b) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by Law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law;

(d) Sidewalk violations or other municipal violations that are not material and are not a Lien on the related Real Property Asset; and

(e) Easements, rights-of-way, covenants, restrictions, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of Borrower and which do not detract materially from the value of any of the Real Property Assets to which they attach or impair materially the use thereof by Borrower.

Section 6.04 Restriction on Fundamental Changes. (a) Without the prior written consent of the Majority Co-Lenders, which consent may be withheld in the sole and absolute discretion of the Majority Co-Lenders, (i) Borrower, the REIT and the other Loan Parties shall not enter into any merger or consolidation with, or sell, lease, transfer or otherwise dispose of any Substantial Assets within any one calendar year to, any Person other than Borrower or a wholly owned Subsidiary of Borrower and (ii) the REIT shall not sell, transfer, pledge, assign or encumber its general partnership interest in the Borrower and (iii) the Borrower shall not sell, transfer, pledge, assign or encumber its membership interest in any Guarantor. Notwithstanding the foregoing, neither Borrower, the REIT nor any Loan Party shall enter into any arrangement, directly or indirectly, whereby Borrower, the REIT or any Loan Party shall sell or transfer any Real Property Asset (in a single or multiple transaction) owned by any of them in order then or thereafter to lease such property or lease other Real Property Asset that it intends to use for substantially the same purpose as the Real Property Asset being sold or transferred.

(b) Notwithstanding the foregoing, Borrower and the Loan Parties may enter into a merger or consolidation, provided that following such merger or consolidation, Borrower is the surviving entity of such merger or consolidation and the REIT or an entity wholly owned and controlled by the REIT (i) is the sole general partner of Borrower, and (ii) owns at least a 60% economic ownership interest in Borrower.

Section 6.05 Transactions with Affiliates. Borrower and the other Loan Parties shall not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of Borrower, other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arm's-length transaction with a Person other than an Affiliate of Borrower.

Section 6.06 Plans. Borrower and the other Loan Parties shall not, nor shall they permit any member of their respective ERISA Controlled

Group to, (i) establish, become liable for, or amend any Plan or fail to make contributions when due under any Plan or take or omit to take any other action which would (A) increase the aggregate present value of the Unfunded Benefit Liabilities under all Plans or withdrawal liability under a Multiemployer Plan for which Borrower or any Loan Party or any member of their respective ERISA Controlled Groups (determined without reference to Section 414(m) or (o) of the Code, if liabilities of entities in Borrower or the Loan Parties' ERISA Controlled Group solely by reason of Section 414(m) or (o) of the Code could not result in liability to Borrower or any Loan Party) to an amount in excess of $500,000 or (B) result in liability or Contingent Obligation for any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), or any withdrawal liability or exit fee or charge with respect to any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA, or state or local laws which require similar continuation coverage for which the employee pays approximately the full cost of coverage, or (ii) engage in any transaction prohibited by Section 406 of ERISA or Section 4975 of the Code for which a statutory or administrative exemption was not available and which would result in a material liability being imposed on such Person or could be reasonably expected to have a Material Adverse Effect.

Section 6.07 Distributions. The REIT and Borrower (without duplication) shall not pay or declare Distributions (a) if an Event of Default has occurred and is continuing or (b) that in the aggregate exceeds 95% during the first year after the Closing and 90% thereafter, of the Funds From Operations of Borrower, both individually and combined with the REIT (without duplication), in any four consecutive calendar quarters (or if four consecutive calendar quarters have not passed since the date hereof, the quarterly periods from the date hereof); provided that notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, the REIT may pay or declare Distributions without violating this covenant in (i) the amount necessary to maintain the REIT's status as a real estate investment trust under Section 856 of the Code and applicable state tax law, or (ii) the amount necessary for the REIT to avoid the payment of any federal income or excise tax. For purposes of the calculation only, Funds From Operations shall be determined without taking into account the effect of Distributions on either Preferred or Common OP Units, and Distributions shall include all distributions on Preferred and Common OP Units.

Section 6.08 Tenant Concentration. No single tenant or Affiliates of such tenant pursuant to one or more Leases shall, in the aggregate, lease space in Real Property Assets of Borrower, the REIT or any Loan Party which provides for Rent (including without limitation, percentage rent) in excess of 5%, if such tenant is not an Investment Grade Tenant, or 10%, if such tenant is an Investment Grade Tenant, of the aggregate Rents derived from all Leases of such Real Property Assets.

Section 6.09 Restriction on Prepayment of Unsecured Debt. Neither Borrower nor the REIT shall prepay the principal amount, in whole or in part, of any Unsecured Debt (other than the Obligations) after the occurrence of any Event of Default.

Section 6.10 Real Property Assets. Neither the Borrower, the REIT nor any other Loan Party shall acquire any Real Property Asset unless an Environmental Report for such Real Property Asset dated within six (6) months of the proposed acquisition date has been prepared and if requested, delivered to Agent showing that there are no Hazardous Substances or other environmental conditions on such Real Property Asset not in compliance with Environmental Laws.

Section 6.11 Maximum Secured Recourse Indebtedness. (a) Neither Borrower, the REIT nor any other Loan Party shall at any time have any liability, contingent or otherwise, to any other Person under any Secured Recourse Indebtedness which in the aggregate exceeds ten percent (10%) of the Total Value of the Assets of the Borrower and its Consolidated Subsidiaries. No such Secured Recourse Indebtedness shall exceed 75% of the value of the Asset (calculated in a manner consistent with the calculations for determining Total Value) encumbered thereby.

(b) Neither Borrower, the REIT nor any other Loan Party shall at any time have any liability, contingent or otherwise, to any other Person (other than under this Agreement) under any Secured Indebtedness which in the aggregate exceeds 35% of the Total Value of the Assets of Borrower and its Consolidated Subsidiaries.

Section 6.12 Organizational Documents. Other than immaterial or ministerial changes, neither Borrower, the REIT nor any other Loan Party shall make any amendments or modifications to their partnership agreements, corporate charters, by-laws, certificates of incorporation, articles of organization or other organizational documents without the prior approval of the Majority Co-Lenders.

Section 6.13 Negative Pledge Covenant. Neither Borrower, the REIT or any other Loan Party shall enter into or suffer to exist, or permit any of its Subsidiaries or Affiliates to enter into or suffer to exist, any mortgage, deed of trust, deed to secure debt or other security instrument or any other Lien, or any agreement permitting or conditioning the creation or assumption of any Lien upon any Unencumbered Asset other than (i) in favor of Agent and the Co-Lenders or (ii) Permitted Liens.

Section 6.14 Unsecured Debt of Guarantors. No Guarantor shall have any liability, contingent or otherwise, to any other Person (other than under its Guaranty) under any Unsecured Debt.

Section 6.15 Restrictions on Investments. In addition to the provisions of Section 2.20, neither Borrower, the REIT or any Loan Party shall make or permit to exist or remain outstanding any investment other than investments in:

(a) marketable direct or guaranteed obligations of the United States of America that mature within one (1) year from the date of purchase by the Borrower, the REIT or any Loan Party;

(b) marketable direct obligations of any of the following: Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Banks, Export-Import Bank of the United States, Federal Land Bank, or any other agency or instrumentality of the United States of America;

(c) demand deposits, certificates of deposit, bankers acceptances and time deposits of United States banks having total assets in excess of $100,000,000.00; provided, however, that the aggregate amount at any time so invested with any single bank having total assets of less than $1,000,000,000.00 will not exceed $200,000.00;

(d) securities commonly known as "commercial paper" issued by a corporation organized and existing under the laws of the United States of America or any State which at the times of purchase are rate by Moody's or by S&P at not less than "P 2" if then rated by Moody's, and not less than "A 2", if then rated by S&P;

(e) mortgage-backed securities guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and other mortgage-backed bonds which at the time of purchase are rated by Moody's or by S&P at not less than "Aa" if then rated by Moody's and not less than "AA" if then rated by S&P;

(f) repurchase agreements having a term not greater than 90 days and fully secured by securities described in the foregoing subsection (a), (b) or (e) with banks described in the foregoing subsection (c) or with financial institutions or other corporations having total assets in excess of $500,000,000.00;

(g) shares of so-called "money market funds" registered with the SEC under the Investment Company Act of 1940 which maintain a level per-share value, invest principally in investments described in the foregoing subsections (a) through (f) and have total assets in excess of $50,000,000.00;

(h) Permitted Investments.

SECTION 7. EVENTS OF DEFAULT

Section 7.01 Events of Default. The occurrence and continuance of any of the following events, acts, occurrences or conditions shall constitute an Event of Default under this Agreement, regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compli-

ance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Failure to Make Payments. Borrower and the REIT shall (i) default in the payment when due of any principal of the Loan, or (ii) default in the payment within five (5) days after the due date of (x) any interest on the Loan or (y) any Fees, Transaction Costs or any other amounts owing hereunder; provided, however, that any interest payable with respect to any delinquent payment shall be calculated at the Default Rate from the date such payment was actually due as if there were no grace period.

(b) Breach of Representation or Warranty. Any representation or warranty made by Borrower, the REIT or any other Loan Party herein or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made: provided, however, that if such breach is capable of being cured, then Borrower shall have a period of thirty (30) days after delivery of notice from Agent to cure any such breach.

(c) Breach of Covenants.

(i) Borrower, the REIT or any other Loan Party shall fail to perform or observe any agreement, covenant or obligation arising under Sections 5.01, 5.03, 5.12, 5.13, 5.16, 5.17, 5.18, 5.25, 5.27(b), 5.28, 6.03, 6.04, 6.07, 6.08, 6.09, 6.10, 6.11, 6.13, 6.14 and 6.15.

(ii) Borrower, the REIT or any of the Loan Parties shall fail to perform or observe any agreement, covenant or obligation arising under (a) Section 5.19 and such failure shall continue uncured for more than five (5) days after delivery or notice thereof or (b) this Agreement (except those described in subsections (a), (b) and (c)(i) above and the preceding clause (a)), and such failure shall continue uncured for thirty (30) days after delivery of notice thereof, or such longer period of time as is reasonably necessary to cure such Default, provided that Borrower has commenced and is diligently prosecuting the cure of such Default and cures it within ninety (90) days.

(iii) Borrower, the REIT or any other Loan Party shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Loan Documents other than this Agreement, which failure shall continue after the end of any applicable grace period provided therein.

(d) Default Under Other Agreements. Borrower, the REIT or any other Loan Party shall default beyond any applicable grace period in the payment, performance or observance of any obligation or condition with respect to the Term Loan or any other Indebtedness in excess of $1,000,000.00 or any other event shall occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of any Indebtedness in excess of $1,000,000.00 or to permit (without regard to any required notice or lapse of time) the holder or holders thereof, or any trustee or agent for such holders, to accelerate the maturity of any such Indebtedness in excess of $1,000,000.00, or any such Indebtedness shall become or be declared to be due and payable prior to its stated maturity and the forgoing conditions are not cured within thirty (30) days after the condition occurs.

(e) Bankruptcy, etc. (i) Borrower or any other Loan Party shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commencedagainst Borrower or any other LoanParty- and the petition is not controverted within thirty (30) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Borrower, any other Loan Party or Borrower or any other Loan Party commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower, any other Loan Party or there is commenced against Borrower or any other Loan Party any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving any such case or proceeding is entered; or (v) Borrower or any other Loan Party is adjudicated insolvent or bankrupt; or (vi) Borrower or any other Loan Party suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a

period of ninety (90) days; or (vii) Borrower or any other Loan Party makes a general assignment for the benefit of creditors; or (viii) Borrower, any other Loan Party shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) Borrower or any other Loan Party shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) Borrower or any other Loan Party shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate or partnership action is taken by Borrower or any other Loan Party for the purpose of effecting any of the foregoing.

(f) ERISA. (i) Any Termination Event shall occur, or (ii) any Plan shall incur an accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or fail to make a required installment payment on or before the due date under Section 412 of the Code or Section 302 of ERISA, or (iii) Borrower or any of the Loan Parties or a member of their respective ERISA Controlled Group shall have engaged in a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA which could result in the imposition of liability in excess of $1,000,000.00 on any of Borrower or any other Loan Party or any member of their respective ERISA Controlled Group and an exemption shall not be applicable or have been obtained under Section 408 of ERISA or Section 4975 of the Code, or (iv) Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, any Plan, any Multiemployer Plan or a trust established under Section 4049 of ERISA, or (v) Borrower shall have received a notice from the PBGC of its intention to terminate a Plan or to appoint a trustee to administer such Plan or Multiemployer Plan, which notice shall not have been withdrawn within fourteen (14) days after the date thereof, or (vi) a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that an ERISA Plan must be terminated or have a trustee appointed to administer any ERISA Plan, or (vii) Borrower or any of the other Loan Parties or a member of their respective ERISA Controlled Group suffers a partial or complete withdrawal from a Multiemployer Plan or is in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan, or (viii) a proceeding shall be instituted against any of Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group to enforce Section 515 of ERISA, or (ix) any other event or condition shall occur or exist with respect to any Employee Benefit Plan, Plan or Multiemployer Plan which could subject Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group to any tax, penalty or other liability in excess of $1,000,000.00 or the imposition of any lien or security interest on Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group, or (x) with respect to any Multiemployer Plan, the institution of a proceeding to enforce Section 515 of ERISA, to terminate such Plan, the receipt of a notice of reorganization or insolvency under Sections 4241 or 4245 of ERISA, in any event which could result in liability in excess of $1,000,000.00 to Borrower, any other Loan Party or any member of any of their ERISA Controlled Group, or (xi) the assets of Borrower or any other Loan Party become or are deemed to be assets of an Employee Benefit Plan. No Event of Default under this Section 7.01(f) shall be deemed to be, or have been, waived or corrected because of any disclosure by Borrower or any Loan Party. The occurrence of any of the events Set forth in (iv), (v), (vi), (vii) or (viii) above, shall not be an Event of Default if the potential liability to the ERISA Controlled Group as a result of such occurrence, assuming that the Plan terminated immediately thereon or the ERISA controlled Group immediately withdrew from the Multiemployer Plan, would not exceed $1,000,000.00, either individually or in the aggregate for all occurrences.

(g) Judgments. One or more judgments or decrees (i) in an aggregate amount of $1,000,000.00 or more are entered against Borrower, the REIT or any other Loan Parties in any consecutive twelve (12) month period or (ii) which, with respect to Borrower and the other Loan Parties, could result in a Material Adverse Effect, shall be entered by a court or courts of competent jurisdiction against any of such Persons (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing or has actually reimbursed such judgment creditor) and (x) any such judgments or decrees shall not be stayed (by appeal or otherwise), discharged, paid, bonded or vacated within thirty (30) days or (y) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

(h) REIT. The REIT fails to remain a publicly-traded real estate investment trust in good standing with the New York Stock Exchange and with the Securities and Exchange Commission.

(i) Material Adverse Effect. If any Material Adverse Effect shall occur.

Section 7.02 Rights and Remedies. (a) Upon the occurrence of any Event of Default described in Section 7.01(e), the Facility Amount shall automatically and immediately terminate and the unpaid principal amount of and any and all accrued interest on the Loan and any and all accrued Fees and other Obligations shall automatically become immediately due and payable, with all additional interest thereon calculated at the Default Rate from the occurrence of the Default until the Loan is paid in full and without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by Borrower and the other Loan Parties, and the obligation of Lender and all Co-Lenders to make any Advances hereunder shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, Agent, upon approval by the Majority Co-Lenders, may, by written notice to Borrower, (i) declare that the Facility Amount is terminated, whereupon the Facility Amount and the obligation of Lender and all Co-Lenders to make any Advances (or their pro rata share thereof) hereunder shall immediately terminate, and (ii) declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loan and any and all accrued Fees and other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest thereon calculated at the Default Rate from the occurrence of the Default until the Loan is paid in full and without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by Borrower and the other Loan Parties.

(b) If an Event of Default has occurred and is continuing, Agent and any Co-Lender may offset any indebtedness, obligations or liabilities owed to Borrower against any indebtedness, obligations or liabilities of Borrower or the REIT to it.

(c) If an Event of Default has occurred and is continuing, Agent and any Co-Lender may avail itself of any remedies available to it under the Loan Documents or at law or equity.

SECTION 8. INTENTIONALLY DELETED.

SECTION 9. MISCELLANEOUS.

Section 9.01 Payment of Agent's and Syndication Agent's Expenses, Indemnity, etc. Borrower and the REIT shall:

(a) whether or not the Transactions hereby contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of Agent and the Syndication Agent in connection with Agent's and the Syndication Agent's due diligence review of the Unencumbered Assets, the negotiation, preparation, execution and delivery of the Loan Documents and the documents and instruments referred to therein, and all out-of-pocket expenses of Agent and the Syndication Agent in connection with the administration of the Loan and any amendment, waiver or consent relating to any of the Loan Documents and of Agent and the Syndication Agent in connection with the preservation of rights under, any amendment, waiver or consent relating to, and enforcement of, the Loan Documents and the documents and instruments referred to therein or in connection with any restructuring or rescheduling of the Obligations (including, without limitation, the reasonable fees and disbursements of counsel for Agent and the Syndication Agent);

(b) pay, and hold Agent, the Syndication Agent, and each Co-Lender harmless from and against, any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and hold Agent, the Syndication Agent, and each Co-Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to Agent, the Syndication Agent or such Co-Lender) to pay such taxes; and

(c) indemnify Agent, (in its capacity as Lender and as Agent), the Syndication Agent (in its capacity as Syndication Agent and as a Co-Lender) and each Co-Lender, its officers, directors, employees, representatives and agents and any persons or entities owned or Controlled by, owning or Controlling, or under common Control or Affiliated with Agent, the Syndication Agent, or each Co-Lender (each an "Indemnitee") from, and hold

each of them harmless against, any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitee in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnitee as a result of, or arising in any manner out of, or in any way related to or by reason of, (i) the breach of any of Borrower's, the REIT's or other Loan Party's representations and warranties or of any of Borrower's, REIT's or other Loan Party's Obligations, (ii) a default under Sections 4.12 or 5.11, including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, and (iii) the exercise by Agent, the Syndication Agent and the Co-Lenders of their rights and remedies (including, without limitation, foreclosure) under any Loan Documents (but excluding, as to any Indemnitee, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements incurred by reason of the gross negligence or willful misconduct of such Indemnitee (collectively, "Indemnified Liabilities"). Borrower and the REIT further agree that, without Agent's, the Syndication Agent's or the Co-Lenders' prior written consent, they will not enter into any settlement of a lawsuit, claim or other proceeding arising or relating to any Indemnified Liability unless such settlement includes an explicit and unconditional release from the party bringing such lawsuit, claim or other proceeding of each Indemnitee. Borrower's and the REIT's obligations under this Section shall survive the termination of this Agreement and the payment of the Obligations.

Section 9.02 Notices. Except as otherwise by expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile, telex, or cable communication), and shall be deemed to have been duly given or made when delivered by hand, or five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, or, in the case of telex notice, when sent, answerback received, or, in the case of facsimile notice, when sent, answerback received, or, in the case of a nationally recognized overnight courier service, one (1) Business Day after delivery to such courier service, addressed, in the case of Borrower, Agent and the Syndication Agent, at the addresses specified below, or to such other addresses as may be designated by any party in a written notice to the other parties hereto, Syndication Agent, as follows:

If to Agent or Syndication Agent as follows:

Lehman Brothers Holdings Inc.
d/b/a Lehman Capital, a division of
Lehman Brothers Holdings Inc.
Three World Financial Center, 8th Floor
New York, New York 10285
Telecopier Number: (212) 526-7423
Attention: David Juge

and to

Hatfield Philips Inc.
285 Peachtree Center Avenue
Marquis Two Tower
Atlanta, Georgia 30303
Telecopier Number: (404) 420-5610
Attention: Mr. Greg Winchester

with copies thereof, with respect to all notices delivered in accordance with Section 2, to:

Lehman Brothers, Inc.
101 Hudson Street
Jersey City, New Jersey 07302
Telecopier Number: (201) 524-4439
Attention: Mr. Chris Czako

If to Borrower or the REIT, as follows:

SL Green Operating Partnership, L.P.
70 West 36/th/ Street
New York, New York 10018
Attention: Benjamin P. Feldman, Esq.

Facsimile No. (212) 594-0086

with a copy to:

Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel
153 East 53/rd/ Street
New York, New York 10022
Attention: Robert J. Ivanhoe, Esq.
Facsimile No. (212) 223-7161

Section 9.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, the REIT, Agent, the Syndication Agent, the Co-Lenders, all future holders of the Note and their respective successors and assigns.

Section 9.04 Amendments and Waivers. (a) Neither this Agreement, the Note, any other Loan Document to which Borrower, the REIT or any other Loan Party is a party nor any terms hereof or thereof may be amended, supplemented, modified or waived other than in a writing executed by Borrower, the REIT, any other applicable Loan Party and Agent. If all or a portion of the Loan and the Facility Amount is sold to a Co-Lender pursuant to Section 9.09, the Borrower and the REIT acknowledge and agree that any amendment, modification approval, waiver or request to be granted regarding the terms of this Agreement shall be given in accordance with the terms, provisions and conditions of this Agreement and the intercreditor agreement to be entered into between Lender, as Agent, and each Co-Lender (the "Intercreditor Agreement"), provided that such terms, provisions and conditions shall have been disclosed to Borrower and the REIT; Lender agrees that the terms of such Intercreditor Agreement shall not be inconsistent with this Agreement, the other Loan Documents or the Assignment and Assumption and in the event of any such inconsistency the terms of this Agreement shall control. The parties hereto acknowledge and agree that after the occurrence of a Syndication, any amendment, modification, approval, waiver or request to be granted regarding the terms of this Agreement shall be given in accordance with the terms, provisions and conditions of the Intercreditor Agreement. The authority of Agent to act as Agent hereunder arises pursuant to and is governed by the Intercreditor Agreement and this Agreement.

(b) In the case of any waiver, Borrower, the REIT, Agent and all Co-Lenders shall be restored to their former position and rights hereunder and under the outstanding Note and any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 9.05 No Waiver; Remedies Cumulative. No failure or delay on the part of Agent or any Co-Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between Borrower or any other Loan Party and Agent or any Co-Lender shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Agent or any Co-Lender would otherwise have, absent a requirement or provision therefor in any Loan Documents. No notice to or demand on Borrower or any other Loan Party shall in any case entitle Borrower or any other Loan Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Agent or any Co-Lender, to any other or further action in any circumstances without notice or demand.

Section 9.06 Governing Law; Submission to Jurisdiction. (a) This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, that with respect to the creation, perfection, priority and enforcement of the lien of the Security Instruments, and the determination of deficiency judgments, the laws of the State where the Real Property Asset is located shall apply.

(b) Any legal action or proceeding with respect to this Agreement or any other Loan Document and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, Borrower and the REIT hereby accept for themselves and in respect of their property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and

appellate courts from any thereof. Borrower and the REIT irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower and the REIT at their addresses set forth in Section 9.02. Borrower and REIT hereby irrevocably waive any objection which they may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to above and hereby further irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of Agent or any Co-Lender, to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower or the REIT in any other jurisdiction.

Section 9.07 Confidentiality Disclosure of Information. Each party hereto shall treat the transactions contemplated hereby and all financial and other information furnished to it about Borrower, the other Loan Parties and the Real Property Assets, as confidential; provided, however, that such confidential information may be disclosed (a) as required by law or pursuant to generally accepted accounting procedures, (b) to officers, directors, employees, agents, partners, investors, attorneys, accountants, engineers and other consultants of the parties hereto who need to know such information, provided such Persons are instructed to treat such information confidentially, (c) by Agent or the Syndication Agent on a similar confidential basis to any Participant, Co-Lender, servicer, or assignee ("Transferee"), which disclosure to Transferees and prospective Transferees may include any and all information which has been delivered to Agent or the Syndication Agent by Borrower or any other Loan Party pursuant to this Agreement or the other Loan Documents or which has been delivered to Agent or the Syndication Agent in connection with Agent's or the Syndication Agent's or the Co-Lenders' credit evaluation of Borrower and the REIT prior to entering into this Agreement, or (d) upon the written consent of the party whose otherwise confidential information would be disclosed.

Borrower and the REIT acknowledge and agree that Agent and the Syndication Agent may provide to the Co-Lenders, and that Agent, the Syndication Agent and each of the Co-Lenders may provide to any Participant, originals or copies of this Agreement, all Loan Documents and all other documents, instruments, certificates, opinions, insurance policies, letters of credit, reports, requisitions and other materials and information of every nature or description, and may communicate all oral information, at any time submitted by or on behalf of Borrower, the REIT or any other Loan Party or received by Agent or the Syndication Agent in connection with the Loan or Borrower or any other loan Party.

Section 9.08. Recourse. The Loan and the Obligations shall be full recourse to Borrower and the REIT.

Section 9.09. Sale of Loan, Co-Lenders, Participations and Servicing.

(a) Lender and any Co-Lender may, at their option, sell with novation all or any part of their right, title and interest in, and to, and under the Loan, including, without limitation, all or a portion of their obligation to make Advances, and its interest in the outstanding principal balance of the Loan, to one or more additional Co-Lenders; if no Event of Default has occurred and is continuing, each Co-Lender shall be subject to the prior written approval of Borrower, which approval shall not be unreasonably withheld or delayed. Each additional Co-Lender shall enter into an assignment and assumption agreement (the "Assignment and Assumption") assigning a portion of Lender's or Co-Lender's rights and obligations under the Loan, and pursuant to which the additional Co-Lender accepts such assignment and assumes the assigned obligations. From and after the effective date specified in the Assignment and Assumption (i) each Co-Lender shall be a party hereto and to each Loan Document to the extent of the applicable percentage or percentages set forth in the Assignment and Assumption and, except as specified otherwise herein, shall succeed to the rights and obligations of Lender and the Co-Lenders hereunder and thereunder in respect of the Loan (including, without limitation, its pro rata share of Lender's and each Co-Lenders' obligations to make Advances hereunder), and (ii) Lender, as lender and each Co-Lender, as applicable, shall, to the extent such rights and obligations have been assigned and assumed by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations hereunder and under the Loan Documents.

(b) The liabilities of Lender and each of the Co-Lenders shall be

several and not joint, and Lender's and each Co-Lenders' obligations to Borrower and the REIT under this Agreement shall be reduced by the amount of each such Assignment and Assumption. Neither Lender nor any Co-Lender shall be responsible for the obligations of any other Co-Lender. Lender and each Co-Lender shall be liable to Borrower only for their respective proportionate shares of the Loan. If for any reason any of the Co-Lenders shall fail or refuse to abide by their obligations under this Agreement, Lender and the other Co-Lenders shall not be relieved of their obligations, if any, hereunder, including their obligations to make their pro rata share of any Advance on the date set forth for such Advance in the Notice of Borrowing; notwithstanding the foregoing, Lender and the Co-Lenders shall have the right, but not the obligation, at their sole option, to make the defaulting Co-Lender's pro rata share of such Advance pursuant to the terms of the Intercreditor Agreement.

(c) Borrower agrees that it shall, in connection with any sale of all or any portion of the Loan, whether in whole or to an additional Co-Lender or Participant (a "Syndication"), within ten (10) business days after requested by Agent or the Syndication Agent, furnish Agent or the Syndication Agent with the certificates required under Section 9.22(a) and (b) and such other information as reasonably requested by any additional Co-Lender or Participant in performing its due diligence in connection with its purchase of an interest in the Loan and the Facility Amount.

(d) If for any reason the Lender or any of the Co-Lenders shall fail or refuse to abide by its obligations under the Loan Agreement, this Agreement or the other Loan Documents (each a "Defaulting Co-Lender"), then, in addition to the rights and remedies that may be available to the Agent and the other Co-Lenders at law and in equity, such Defaulting Co-Lender's right to participate in the administration of the Loan and the Loan Documents, including without limitation, any rights to consent to or direct any action or inaction of the Agent or to be taken into account in the calculation of Majority Co-Lenders, shall be suspended during the pendency of such failure or refusal.

(e) Lender (or an Affiliate of Lender) shall act as administrative agent for itself and the Co-Lenders (together with any successor administrative agent, the "Agent") pursuant to this Section 9.09(e). Borrower acknowledges that Lender, as Agent shall have the sole and exclusive authority to execute and perform this Agreement and each Loan Document on behalf of itself, as Lender and as agent for itself and the Co-Lenders subject to the terms of the Intercreditor Agreement. Except as otherwise provided herein, Borrower shall have no obligation to recognize or deal directly with any Co-Lender, and no Co-Lender shall have any right to deal directly with Borrower with respect to the rights, benefits and obligations of Borrower under this Agreement, the Loan Documents or any one or more documents or instruments in respect thereof. Borrower may rely conclusively on the actions of Lender as Agent to bind Lender and the Co-Lenders, notwithstanding that the particular action in question may, pursuant to this Agreement or any Intercreditor Agreement among Agent and the Co-Lenders, be subject to the consent or direction of the Co-Lenders. Lender may resign as Agent of the Co-Lenders, in its sole discretion, without the consent of Borrower. Upon any such resignation, a successor Agent shall be determined pursuant to the terms of the Intercreditor Agreement. The Borrower and the REIT agree to execute an Administrative Fee Letter with each successor Agent, which shall provide for the amount and payment of the Administrative Fee to such successor Agent. The term Agent shall mean any successor Agent.

Notwithstanding any provision to the contrary in this Agreement, neither the Agent nor the Syndication Agent shall have any duties or responsibilities except those expressly set forth herein and in the Intercreditor Agreement and no covenants, functions, responsibilities, duties, obligations or liabilities of Agent or the Syndication Agent shall be implied by or inferred from this Agreement, the Intercreditor Agreement, or any other Loan Document, or otherwise exist against Agent or the Syndication Agent.

(f) Except to the extent its obligations hereunder and its interest in the Loan have been assigned pursuant to one or more Assignments and Assumption, Lehman, as Syndication Agent and Agent, shall have the same rights and powers under this Agreement as any other Co-Lender and may exercise the same as though it were not the Syndication Agent or Agent, respectively. The term "Co-Lender" or "Co-Lenders" shall, unless otherwise expressly indicated, include Lehman in its individual capacity. Lehman and the other Co-Lenders and their respective affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Borrower, any Loan Party or any Affiliate of Borrower or any Loan Party and any Person or entity who may do business with or own securities of Borrower or any Loan Party or any Affiliate of Borrower or any Loan Party or any Affiliate thereof, all as if they were not serving in such capacities hereunder and without any duty to account therefor to each

other.

(g) Intentionally Deleted.

(h) Lender, as Agent, shall maintain at its domestic lending office or at such other location as Lender, as Agent, shall designate in writing to each Co-Lender and Borrower a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Co-Lenders, the amount of each Co-Lender's proportionate share of the Facility Amount and the Loan and the name and address of each Co-Lender's agent for service of process (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Lender, as Agent, and the Co-Lenders may treat each person or entity whose name is recorded in the Register as a Co-Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection and copying by Borrower or any Co-Lender during normal business hours upon reasonable prior notice to the Agent. A Co-Lender may change its address and its agent for service of process upon written notice to Lender, as Agent, which notice shall only be effective upon actual receipt by Lender, as Agent, which receipt will be acknowledged by Lender, as Agent, upon request.

(i) Notwithstanding anything herein to the contrary, any financial institution or other entity may be sold a participation interest in the Loan by Lender or any Co-Lender without Borrower's consent (such financial institution or entity, a "Participant") (x) if such sale is without novation and (y) if the other conditions set forth in this paragraph are met. No Participant shall be considered a Co-Lender hereunder or under the Note or the Loan Documents. No Participant shall have any rights under this Agreement, the Note or any of the Loan Documents and the Participant's rights in respect of such participation shall be solely against Lender or Co-Lender, as the case may be, as set forth in the participation agreement executed by and between Lender or Co-Lender, as the case may be, and such Participant. The terms of any participation agreement between Lender or Co-Lender, as the case may be, and its Participant shall not grant the Participant any consent rights except for consent to (i) changes in the interest rate and term of the Loan, (ii) increase in the principal amount of the Loan (except for protective advances), (iii) release of any party liable for repayment of the Loan, (iv) forbearance, (v) consents to Liens other than Permitted Liens on the Real Property Asset(s) Unencumbered Assets or the Rents related thereto, (vi) the acceleration of the Loan or the taking of any enforcement action with respect to the Loan. No participation shall relieve Lender or Co-Lender, as the case may be, from its obligations hereunder or under the Note or the Loan Documents and Lender or Co-Lender, as the case may be, shall remain solely responsible for the performance of its obligations hereunder.

(j) Notwithstanding any other provision set forth in this Agreement, the Lender or any Co-Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, amounts owing to it in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System), provided that no such security interest or the exercise by the secured party of any of its rights thereunder shall release Lender or Co-Lender from its funding obligations hereunder.

Section 9.10 Borrower's and the REIT's Assignment. Neither
Borrower nor the REIT may assign its rights or obligations hereunder without the prior written consent of Agent and all of the Co-Lenders.

Section 9.11 Counterparts. This Agreement may be executed in any
number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 9.12 Effectiveness. This Agreement shall become
effective on the date on which all of the parties hereto shall have signed a counterpart hereof and shall have delivered the same to the Syndication Agent.

Section 9.13 Headings Descriptive. The heading of the several
Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.14 Marshaling; Recapture. Agent shall be under no
obligation to marshal any assets in favor of Borrower, any other Loan Party

or any other party or against or in payment of any or all of the Obligations. To the extent Agent receives any payment by or on behalf of Borrower or any other Loan Party, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower or such other Loan Party or its estate, trustee, receiver, custodian or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included (other than for interest calculations) within the liabilities of Borrower or such other Loan Party to Agent and the Co-Lenders as of the date such initial payment, reduction or satisfaction occurred.

Section 9.15 Severability. In case any provision in or obligation under this Agreement or the Note or the other Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 9.16 Survival. Except as expressly provided to the contrary herein, all indemnities set forth herein including, without limitation, in Sections 2.16, 2.17, 2.18, 2.19 and 9.01 shall survive the execution and delivery of this Agreement, the Note and the Loan Documents and the making and repayment of the Loan hereunder.

Section 9.17 Domicile of Loan Portions. Lender and the Co Lenders may transfer and carry any Loan Portion at, to or for the account of any domestic or foreign branch office, subsidiary or affiliate, subject to Section 2.19.

Section 9.18 Intentionally Deleted.

Section 9.19 Calculations; Computations. Except as otherwise expressly provided herein, the financial statements to be furnished to Agent or the Syndication Agent pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved and consistent with GAAP as used in the preparation of the financial statements referred to in Section 4.05.

SECTION 9.20 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, AGENT AND ALL CO-LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

Section 9.21 No Joint Venture. Notwithstanding anything to the contrary herein contained, neither Agent, the Syndication Agent nor any Co-Lender by entering into this Agreement or by taking any action pursuant hereto, will not be deemed a partner or joint venturer with Borrower or the REIT or any Loan Party and Borrower and the REIT agree to hold Agent, the Syndication Agent and each Co-Lender harmless from any damages and expenses resulting from such a construction of the relationship of the parties hereto or any assertion thereof.

Section 9.22 Estoppel Certificates. (a) Borrower, the REIT and Agent, each hereby agree at any time and from time to time upon not less than ten (10) days prior written notice by Borrower, the REIT or Agent, to execute, acknowledge and deliver to the party specified in such notice, a statement, in writing, certifying whether this Agreement is unmodified (or if there have been modifications stating the modifications hereto), and stating whether or not, to the best knowledge of such certifying party, any Default or Event of Default has occurred and is then continuing, and, if so, specifying each such Default or Event of Default; provided, however, that it shall be a condition precedent to Lender's obligation, as Agent, to deliver the statement pursuant to this Section, that Agent shall receive, together with Borrower's request for such statement, a certificate of a general partner or senior executive officer of Borrower and the REIT, stating that to the best knowledge of such certifying party, no Default or Event of Default exists as of the date of such certificate (or specifying such Default or Event of Default).

(b) Within five (5) Business Days of Agent's request, Borrower shall execute and deliver a certificate of the general partner of Borrower and the REIT or senior executive officer of Borrower and the REIT confirming the then aggregate outstanding principal balance of the Loan, the outstanding principal balance of each Eurodollar Portion and the Base Rate Portion, the Contract Rate for each Loan Portion, the dates to which all interest has been paid, and the Interest Period for each Eurodollar Portion. Such statement shall be binding and conclusive on Borrower and the REIT absent manifest error.

(c) Agent on behalf of the Co-Lenders agrees at any time and from time to time upon not less than ten (10) days prior written notice by Borrower, to execute, acknowledge and deliver to the party specified in such notice, a statement, in writing, stating (i) the then current outstanding principal balance under this Agreement, (ii) the Contract Rate and the interest rate of each outstanding Loan Portion, (iii) whether it has delivered any notices of default under this Agreement and (iv) whether this Agreement is unmodified, and if there have been modifications, stating the modifications hereto).

Section 9.23 No Other Agreements. The Loan Documents constitute the entire understanding of the parties with respect to the transactions contemplated hereby, and all prior understandings with respect thereto, whether written or oral, shall be of no force and effect.

Section 9.24 Controlling Document. In the event of a conflict between the provisions of this Agreement and the other Loan Documents, the provisions of this Agreement shall control and govern the conflicting provisions of the other Loan Documents.

Section 9.25 No Benefit to Third Parties. This Agreement is for the sole and exclusive benefit of Borrower, the REIT, and Agent, the Syndication Agent and the Co-Lenders and all conditions of the obligation of Lender and the Co-Lenders to make Advances hereunder are imposed solely and exclusively for the benefit of Lender and the Co-Lenders and their assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender and the Co-Lenders will refuse to make Advances in the absence of strict compliance with any and all thereof and no other person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Agent and the Co-Lenders at any time if they in their sole discretion deem it advisable to do so. Without limiting the generality of the foregoing, neither Agent nor the Co-Lenders shall have any duty or obligation to anyone to ascertain that funds advanced hereunder are used as required by the terms hereof or to pay the cost of constructing the improvements on any of the Real Property Assets or to acquire materials and supplies to be used in connection therewith or to pay costs of owning, operating and maintaining same.

Section 9.26 Joint and Several. Borrower and the REIT are each jointly and severally liable for the payment in full of the Loan and all other sums owing under this Agreement, the Note, and any other Loan Documents and the performance of all of the Obligations.

(NO FURTHER TEXT ON THIS PAGE)

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

SL GREEN OPERATING PARTNERSHIP, L.P.,
a Delaware limited partnership

By: SL GREEN REALTY CORP., a Maryland corporation, its general partner

By: /s/ David J. Nettina
_____
Name: David J. Nettina
Title: Executive Vice President

By: /s/ Benjamin P. Feldman
_____

Name: Benjamin P. Feldman
Title: Executive Vice President

SL GREEN REALTY CORP.,
a Maryland corporation

By: /s/ David J. Nettina
_____
Name: David J. Nettina
Title: Executive Vice President

By: /s/ Benjamin P. Feldman
_____
Name: Benjamin P. Feldman
Title: Executive Vice President

LEHMAN BROTHERS HOLDINGS INC. D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation, individually as a Co-Lender and as Syndication Agent

By: /s/
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Name:
Title: