

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2004

COMMISSION FILE NUMBER: 1-13762

RECKSON OPERATING PARTNERSHIP, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND 11-3233647

(STATE OR OTHER JURISDICTION OF (IRS EMPLOYER IDENTIFICATION NUMBER)
INCORPORATION OR ORGANIZATION)

225 BROADHOLLOW ROAD, MELVILLE, NY 11747

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE) (ZIP CODE)

(631) 694-6900
(REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS
REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF
1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) YES X NO___, AND (2) HAS BEEN
SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO .

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS
DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT).

YES ___ NO X.

RECKSON OPERATING PARTNERSHIP, L.P.
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED JUNE 30, 2004

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PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT FOR SHARE AMOUNTS)

	JUNE 30, 2004	DECEMBER 31, 2003
	----- (UNAUDITED)	-----
ASSETS:		
Commercial real estate properties, at cost:		
Land	\$ 384,137	\$ 378,479
Building and improvements	2,608,867	2,211,566
Developments in progress:		
Land	95,600	90,706
Development costs	28,900	68,127
Furniture, fixtures and equipment	11,625	11,338
	-----	-----
	3,129,129	2,760,216
Less accumulated depreciation	(515,961)	(464,382)
	-----	-----
Investment in real estate, net of accumulated depreciation	2,613,168	2,295,834
Properties and related assets held for sale, net of accumulated depreciation	5,069	52,517
Investments in real estate joint ventures	6,462	5,904
Investments in mortgage notes and notes receivable	68,433	54,986
Investments in service companies and affiliate loans and joint ventures	75,784	75,544
Cash and cash equivalents	82,670	22,512
Tenant receivables	11,661	11,929
Deferred rents receivable	122,672	111,962
Prepaid expenses and other assets	81,626	34,944
Contract and land deposits and pre-acquisition costs	60	20,203
Deferred leasing and loan costs	69,573	64,345
	-----	-----
TOTAL ASSETS	\$ 3,137,178	\$ 2,750,680
	=====	=====
LIABILITIES:		
Mortgage notes payable	\$ 965,561	\$ 721,635
Liabilities associated with properties held for sale	311	881
Unsecured credit facility	90,000	169,000
Senior unsecured notes	549,132	499,445
Accrued expenses and other liabilities	117,227	89,979
Distributions payable	32,994	28,290
	-----	-----
TOTAL LIABILITIES	1,755,225	1,509,230
	-----	-----
Minority partners' interests in consolidated partnerships	223,405	233,070
	-----	-----
Commitments and contingencies		--
PARTNERS' CAPITAL:		
Preferred Capital, 8,710,480 and 10,854,162 units outstanding, respectively	225,235	281,690
General Partners' Capital: Common units, 67,256,850 and 58,275,367 units outstanding, respectively	886,654	682,172
Limited Partners' Capital: Class A common units, 3,084,713 units issued and outstanding	40,484	38,613
Class C common units, 465,854 units issued and outstanding	6,175	5,905
	-----	-----
Total Partners' Capital	1,158,548	1,008,380
	-----	-----
Total Liabilities and Partners' Capital	\$ 3,137,178	\$ 2,750,680
	=====	=====

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED AND IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
REVENUES:				
Property operating revenues:				
Base rents	\$ 109,765	\$ 94,141	\$ 220,800	\$ 188,885
Tenant escalations and reimbursements	17,478	13,907	35,593	27,943
Total property operating revenues	127,243	108,048	256,393	216,828
Interest income on mortgage notes and notes receivable (including \$539, \$1,045, \$1,128 and \$2,078, respectively from related parties)	1,876	1,539	3,492	3,010
Investment and other income	1,447	3,349	5,494	9,137
TOTAL REVENUES	130,566	112,936	265,379	228,975
EXPENSES:				
Property operating expenses	50,626	42,438	102,091	85,818
Marketing, general and administrative	7,374	8,795	14,441	16,364
Interest	24,607	20,145	50,268	40,242
Depreciation and amortization	29,617	26,983	58,738	55,763
TOTAL EXPENSES	112,224	98,361	225,538	198,187
Income before minority interests, preferred distributions, equity in earnings of real estate joint ventures and discontinued operations	18,342	14,575	39,841	30,788
Minority partners' interests in consolidated partnerships	(4,422)	(4,062)	(10,603)	(8,463)
Equity (loss) in earnings of real estate joint ventures	294	(270)	408	(164)
Income before discontinued operations and preferred distributions ..	14,214	10,243	29,646	22,161
Discontinued operations:				
Gain on sales of real estate	3,830	--	9,342	--
Income from discontinued operations	99	3,807	588	7,138
Net Income	18,143	14,050	39,576	29,299
Preferred unit distributions	(4,399)	(5,591)	(8,932)	(11,181)
Net income allocable to common unit holders	\$ 13,744	\$ 8,459	\$ 30,644	\$ 18,118
Net income allocable to:				
Common unit holders	\$ 13,644	\$ 6,643	\$ 30,411	\$ 14,234
Class B common unit holders	--	1,816	--	3,884
Class C common unit holders	100	--	233	--
Total	\$ 13,744	\$ 8,459	\$ 30,644	\$ 18,118
Net income per weighted average common units:				
Income from continuing operations	\$.13	\$.07	\$.30	\$.16
Discontinued operations06	.05	.15	.10
Basic net income per common unit	\$.19	\$.12	\$.45	\$.26
Class B common - income from continuing operations	\$ --	\$.10	\$ --	\$.24
Discontinued operations	--	.08	--	.15
Basic net income per Class B common unit	\$ --	\$.18	\$ --	\$.39
Class C common - income from continuing operations	\$.15	\$ --	\$.34	\$ --
Discontinued operations06	--	.16	--
Basic net income per Class C common unit	\$.21	\$ --	\$.50	\$ --
Weighted average common units outstanding:				
Common units	69,976,809	55,277,219	67,212,309	55,376,642
Class B common units	--	9,915,313	--	9,915,313
Class C common units	465,845	--	465,845	--

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED AND IN THOUSANDS)

	SIX MONTHS ENDED	
	JUNE 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME	\$ 39,576	\$ 29,299
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including discontinued operations)	59,069	61,887
Gain on sales of real estate	(11,330)	--
Minority partners' interests in consolidated partnerships	13,136	9,025
(Equity) loss in earnings of real estate joint ventures	(408)	164
Changes in operating assets and liabilities:		
Tenant receivables	278	6,326
Prepaid expenses and other assets	(8,204)	(5,988)
Deferred rents receivable	(8,983)	(9,207)
Accrued expenses and other liabilities	(6,546)	(9,149)
Net cash provided by operating activities	76,588	82,357
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to developments in progress	(12,977)	(9,732)
Purchase of commercial real estate	(72,691)	(6,505)
Additions to commercial real estate properties	(17,802)	(25,149)
Additions to furniture, fixtures and equipment	(288)	(94)
Payment of leasing costs	(8,677)	(8,765)
Distributions (contributions) from investments in real estate joint ventures	(150)	243
Additions to mortgage notes and notes receivable ..	(15,619)	--
Repayment of mortgage notes and notes receivable ..	2,691	--
Proceeds from sales of real estate	57,056	--
Net cash used in investing activities	(68,457)	(50,002)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of general partner common units	--	(4,538)
Principal payments on secured borrowings	(6,074)	(5,878)
Payment of loan costs	(2,635)	(29)
Proceeds from issuance of senior unsecured notes ..	150,000	--
Repayment of senior unsecured notes	(100,000)	--
Proceeds from unsecured credit facility	90,000	55,000
Repayment of unsecured credit facility	(169,000)	--
Distributions to minority partners in consolidated partnerships	(22,800)	(11,507)
Contributions	176,695	--
Distributions	(64,659)	(71,057)
Net cash provided by (used in) financing activities	51,527	(38,009)
Net increase in cash and cash equivalents	59,658	(5,654)
Cash and cash equivalents at beginning of period ..	23,012	30,576
Cash and cash equivalents at end of period	\$ 82,670	\$ 24,922

(see accompanying notes to financial statements)

RECKSON OPERATING PARTNERSHIP, L.P.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(UNAUDITED)

1. ORGANIZATION AND FORMATION OF THE OPERATING PARTNERSHIP

Reckson Operating Partnership, L.P. (The "Operating Partnership") commenced operations on June 2, 1995. Reckson Associates Realty Corp. (the "Company"), which serves as the sole general partner of the Operating Partnership, is a fully integrated, self administered and self managed real estate investment trust ("REIT"). The Operating Partnership and the Company (collectively the "Company") were formed for the purpose of continuing the commercial real estate business of Reckson Associates, the predecessor of the Operating Partnership, its affiliated partnerships and other entities.

The Operating Partnership is engaged in the ownership, management, operation, leasing and development of commercial real estate properties, principally office and to a lesser extent industrial buildings and also owns land for future development (collectively, the "Properties") located in the New York City tri-state area (the "Tri-State Area").

The Company was incorporated in Maryland in September 1994. In June 1995, the Company completed an initial public offering (the "IPO") and commenced operations.

The Company became the sole general partner of Reckson Operating Partnership, L.P. (the "Operating Partnership") by contributing substantially all of the net proceeds of the IPO in exchange for an approximate 73% interest in the Operating Partnership. At June 30, 2004, the Company's ownership percentage in the Operating Partnership was approximately 94.8%. All Properties acquired by the Company are held by or through the Operating Partnership. In conjunction with the IPO, the Operating Partnership executed various option and purchase agreements whereby it issued common units of limited partnership interest in the Operating Partnership ("OP Units") to certain continuing investors in exchange for (i) interests in certain property partnerships, (ii) fee simple and leasehold interests in properties and development land, (iii) certain other business assets and (iv) 100% of the non-voting preferred stock of Reckson Management Group, Inc. and Reckson Construction Group, Inc.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements include the consolidated financial position of the Company, the Operating Partnership and the Service Companies (as defined below) at June 30, 2004 and December 31, 2003 and the results of their operations for the three and six months ended June 30, 2004 and 2003, respectively, and, their cash flows for the six months ended June 30, 2004 and 2003, respectively. The Operating Partnership's investments in majority owned and controlled real estate joint ventures are reflected in the accompanying financial statements on a consolidated basis with a reduction for the minority partners' interest. The Operating Partnership also invests in real estate joint ventures where it may own less than a controlling interest. Such investments are reflected in the accompanying financial statements under the equity method of accounting. The Service Companies which provide management, development and construction services to the Company and the Operating Partnership are Reckson Management Group, Inc., RANY Management Group, Inc., Reckson Construction Group New York, Inc., Reckson Construction Group, Inc. and Reckson Construction & Development LLC (the "Service Companies"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Reckson Construction Group, Inc., Reckson Construction Group New York, Inc. and Reckson Construction & Development LLC use the percentage-of-completion method for recording amounts earned on their contracts. This method records amounts earned as revenue in the proportion that actual costs incurred to date bear to the estimate of total costs at contract completion.

Minority partners' interests in consolidated partnerships represent a 49% non-affiliated interest in RT Tri-State LLC, owner of a seven property suburban office portfolio, a 40% non-affiliated interest in Omni Partners, L.P., owner of a 579,000 square foot suburban office property and a 49% non-affiliated interest in Metropolitan 919 Third Avenue, LLC, owner of the property located at 919 Third Avenue, New York, NY.

The Operating Partnership follows the guidance provided for under the Financing Accounting Standards Board ("FASB") Statement No. 66, "Accounting for Sales of Real Estate" ("Statement No. 66"), which provides guidance on sales contracts that are accompanied by agreements which require the seller to develop the property in the future. Under Statement No. 66 profit is recognized and allocated to the sale of the land and the later development or construction work on the basis of estimated costs of each activity; the same rate of profit is attributed to each activity. As a result, profits are recognized and reflected over the improvement period on the basis of costs incurred (including land) as a percentage of total costs estimated to be incurred. The Operating Partnership uses the percentage of completion method, as the future costs of development and profit are reliably estimated.

The accompanying interim unaudited financial statements have been prepared by the Operating Partnership's management pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to not make the information presented misleading. The unaudited financial statements as of June 30, 2004 and for the three and six month periods ended June 30, 2004 and 2003 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. These financial statements should be read in conjunction with the Operating Partnership's audited financial statements and the notes thereto included in the Operating Partnership's Form 10-K for the year ended December 31, 2003.

The Company intends to continue to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company will not generally be subject to corporate Federal income taxes as long as it satisfies certain technical requirements of the Code relating to composition of its income and assets and requirements relating to distributions of taxable income to shareholders.

The Operating Partnership considers highly liquid investments with maturity of six months or less when purchased to be cash equivalents. Cash balances at June 30, 2004 include approximately \$46.5 million of the remaining net proceeds received during the six month period ended June 30, 2004 relating to property sales, issuance of the Company's equity (see Note 7) and the Operating Partnership's January 2004 issuance of senior unsecured notes (see Note 4).

Certain prior period amounts have been reclassified to conform to the current period presentation.

In October 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Statement No. 144 provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. Statement No. 144 supersedes Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". It also supersedes the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions related to the disposal of a segment of a business. The Operating Partnership adopted Statement No. 144 on January 1, 2002. The adoption of this statement did not have a material effect on the results of operations or the financial position of the Operating Partnership. The adoption of Statement No. 144 does not have an impact on net income allocable to common shareholders. Statement No. 144 only impacts the presentation of the results of operations and gain on sales of depreciable real estate assets for those properties sold or held for sale during the period within the consolidated statements of income.

On July 1, 2001 and January 1, 2002, the Operating Partnership adopted FASB Statement No. 141, "Business Combinations" and FASB Statement No. 142, "Goodwill and Other Intangibles", respectively. As part of the acquisition of real estate assets, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and building improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values. The Operating Partnership assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. If the Operating Partnership incorrectly estimates the values at acquisition or the undiscounted cash flows, initial allocation of purchase price and future impairment charges may be different.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 significantly changes the current practice in the accounting for, and disclosure of, guarantees. Guarantees and indemnification agreements meeting the characteristics described in FIN 45 are required to be initially recorded as a liability at fair value. FIN 45 also requires a guarantor to make significant new disclosures for virtually all guarantees even if the likelihood of the guarantor having to make payment under the guarantee is remote. The disclosure requirements within FIN 45 are effective for financial statements for annual or interim periods ending after December 15, 2002. The initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The Operating Partnership adopted FIN 45 on January 1, 2003. The adoption of this interpretation did not have a material effect on the results of operations or the financial position of the Operating Partnership.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which explains how to identify variable interest entities ("VIEs") and how to assess whether to consolidate such entities. The initial determination of whether an entity qualifies as a VIE shall be made as of the date at which a primary beneficiary becomes involved with the entity and reconsidered as of the date of a triggering event, as defined. The provisions of this interpretation are immediately effective for VIEs formed after January 31, 2003. In December 2003 the FASB issued FIN 46R, deferring the effective date until the period ending March 31, 2004 for interests held by public companies in VIEs created before February 1, 2003, which were non-special purpose entities. The Operating Partnership adopted FIN 46R during the period ended March 31, 2004. The Operating Partnership has determined that its consolidated and unconsolidated subsidiaries do not represent VIEs requiring consolidation pursuant to such interpretation. The Operating Partnership will continue to monitor any changes in circumstances relating to certain of its consolidated and unconsolidated joint ventures which could result in a change in the Operating Partnership's consolidation policy.

In May 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("Statement No. 150"). Statement No. 150 is effective for financial instruments entered into or modified after May 15, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. The adoption of Statement No. 150 did not have a material effect on the Operating Partnership's financial position or results of operations.

3. MORTGAGE NOTES PAYABLE

As of June 30, 2004, the Operating Partnership had approximately \$965.6 million of mortgage notes payable, which mature at various times between 2004 and 2027. The notes are secured by 20 properties with an aggregate carrying value of approximately \$1.84 billion which are pledged as collateral against the mortgage notes payable. In addition, approximately \$43.5 million of the \$965.6 million is recourse to the Operating Partnership and certain of the mortgage notes payable are guaranteed by certain limited partners in the Operating Partnership and / or the Company.

The following table sets forth the Operating Partnership's mortgage notes payable as of June 30, 2004, by scheduled maturity date (dollars in thousands):

Property	Principal Outstanding	Interest Rate	Maturity Date	Amortization Term (Years)
1185 Avenue of the Americas, NY, NY	\$ 250,000	4.95%	August, 2004	Interest only
395 North Service Road, Melville, NY	19,097	6.45%	October, 2005	\$34 per month
200 Summit Lake Drive, Valhalla, NY	18,704	9.25%	January, 2006	25
1350 Avenue of the Americas, NY, NY	73,431	6.52%	June, 2006	30
Landmark Square, Stamford, CT (a)	43,465	8.02%	October, 2006	25
100 Summit Lake Drive, Valhalla, NY	16,981	8.50%	April, 2007	15
333 Earle Ovington Blvd, Mitchel Field, NY (b)	52,343	7.72%	August, 2007	25
810 Seventh Avenue, NY, NY (e)	80,498	7.73%	August, 2009	25
100 Wall Street, NY, NY (e)	34,883	7.73%	August, 2009	25
6900 Jericho Turnpike, Syosset, NY	7,165	8.07%	July, 2010	25
6800 Jericho Turnpike, Syosset, NY	13,576	8.07%	July, 2010	25
580 White Plains Road, Tarrytown, NY	12,365	7.86%	September, 2010	25
919 Third Ave, NY, NY (c)	242,904	6.87%	August, 2011	30
One Orlando Center, Orlando, FL (d)	37,439	6.82%	November, 2027	28
120 West 45th Street, NY, NY (d)	62,710	6.82%	November, 2027	28

Total/Weighted Average	\$ 965,561	6.65%		
	=====			

(a) Encompasses six Class A office properties.

(b) The Operating Partnership has a 60% general partnership interest in this property and its proportionate share of the aggregate principal amount is approximately \$31.4 million.

(c) The Operating Partnership has a 51% membership interest in this property and its proportionate share of the aggregate principal amount is approximately \$123.9 million.

(d) Subject to interest rate adjustment on November 1, 2004 to the greater of 8.82% per annum or the yield on non-callable U.S. treasury obligations with a term of fifteen years plus 2% per annum. The Operating Partnership has the ability to pre-pay the loan at that time. In addition, these properties are cross-collateralized.

(e) These properties are cross-collateralized.

(f) Such rate is based on the greater of one month LIBOR or 2.15% plus a weighted average spread of approximately 2.80%. An interest rate hedge agreement was acquired to limit exposure to increases in LIBOR above 5.825%.

In addition, the Operating Partnership has a 60% interest in an unconsolidated joint venture property. The Operating Partnership's share of the mortgage debt at June 30, 2004 is approximately \$7.6 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005 at which time the Operating Partnership's share of the mortgage debt will be approximately \$6.9 million.

On March 19, 2004, the Operating Partnership entered into two anticipatory interest rate hedge instruments, which are scheduled to coincide with an August 2004 debt maturity, totaling \$100 million, to protect itself against potentially rising interest rates. At June 30, 2004, the fair value of these instruments exceeded their carrying value by approximately \$5.2 million. Such amount has been reflected as accumulated other comprehensive income with a corresponding increase to prepaid expenses and other assets on the accompanying balance sheet. In addition, on July 1, 2004, the Operating Partnership entered into an additional anticipatory interest rate hedge instrument totaling \$12.5 million to coincide with the aforementioned August 2004 debt maturity.

4. SENIOR UNSECURED NOTES

On January 22, 2004, the Operating Partnership issued \$150 million of seven-year 5.15% (5.196% effective rate) senior unsecured notes. Prior to the issuance of these notes the Operating Partnership entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes were issued the Operating Partnership incurred a net cost of approximately \$980,000 to settle these instruments. Such costs are being amortized over the term of the notes. Net proceeds of approximately \$148 million received from this issuance were used to repay outstanding borrowings under the Credit Facility (as defined below) and to invest in short-term liquid investments.

On March 15, 2004, the Operating Partnership repaid \$100 million of the Operating Partnership's 7.4% senior unsecured notes at maturity.

As of June 30, 2004, the Operating Partnership had outstanding approximately \$549.1 million (net of issuance discounts) of senior unsecured notes (the "Senior Unsecured Notes"). The following table sets forth the Operating Partnership's Senior Unsecured Notes and other related disclosures by scheduled maturity date (dollars in thousands):

ISSUANCE	FACE AMOUNT	COUPON RATE	TERM	MATURITY
June 17, 2002	\$ 50,000	6.00%	5 years	June 15, 2007
August 27, 1997	150,000	7.20%	10 years	August 28, 2007
March 26, 1999	200,000	7.75%	10 years	March 15, 2009
January 22, 2004	150,000	5.15%	7 years	January 15, 2011
	----- \$ 550,000 =====			

Interest on the Senior Unsecured Notes are payable semi-annually with principal and unpaid interest due on the scheduled maturity dates. In addition, certain of the Senior Unsecured Notes were issued at discounts aggregating approximately \$1.2 million. Such discounts are being amortized over the term of the Senior Unsecured Notes to which they relate.

5. UNSECURED CREDIT FACILITY

As of June 30, 2004, the Operating Partnership had a \$500 million unsecured revolving credit facility (the "Credit Facility") from JPMorgan Chase Bank, as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and Citicorp North America, Inc. and Wachovia Bank, National Association, as co-documentation agents. The Credit Facility was scheduled to mature in December 2005, contained options for a one-year extension subject to a fee of 25 basis points and, upon receiving additional lender commitments, increasing the maximum revolving credit amount to \$750 million. As of June 30, 2004, based on a pricing grid of the Operating Partnership's unsecured debt ratings, borrowings under the Credit Facility were priced off LIBOR plus 90 basis points and the Credit Facility carried a facility fee of 20 basis points per annum. In the event of a change in the Operating Partnership's unsecured credit ratings the interest rates and facility fee are subject to change. At June 30, 2004, the outstanding borrowings under the Credit Facility aggregated \$90 million and carried a weighted average interest rate of 2.18%.

On August 6, 2004, the Operating Partnership amended and extended the Credit Facility to mature in August 2007 with similar terms and conditions as existed prior to the amendment and extension.

The Operating Partnership utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At June 30, 2004, the Operating Partnership had availability under the Credit Facility to borrow approximately an additional \$410 million, subject to compliance with certain financial covenants.

In connection with the acquisition of certain properties, contributing partners of such properties have provided guarantees on indebtedness of the Operating Partnership. As a result, the Operating Partnership maintains certain outstanding balances on its Credit Facility.

In accordance with the provisions of FASB Statement No. 144, the Operating Partnership allocated approximately \$2.6 million and \$5.2 million of its unsecured corporate interest expense to discontinued operations for the three and six month periods ended June 30, 2003.

COMMERCIAL REAL ESTATE INVESTMENTS

As of June 30, 2004, the Operating Partnership owned and operated 76 office properties (inclusive of nine office properties owned through joint ventures) comprising approximately 14.4 million square feet and 9 industrial / R&D properties comprising approximately 955,000 square feet located in the Tri-State Area.

In June, 2004 the Operating Partnership entered into a contract to sell a 92,000 square foot industrial property located in Westchester for approximately \$7.5 million. The Operating Partnership's basis in this property is approximately \$4.8 million and is included in properties and related assets held for sale on the accompanying balance sheet.

As of June 30, 2004, the Operating Partnership also owned approximately 313 acres of land in 12 separate parcels of which the Operating Partnership can, based on current estimates, develop approximately 3.0 million square feet of office space. The Operating Partnership is currently evaluating alternative land uses for certain of the land holdings to realize the highest economic value. These alternatives may include rezoning certain land parcels from commercial to residential use for potential disposition. As of June 30, 2004, the Operating Partnership had invested approximately \$124.5 million in these development projects. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values. In addition, during the three and six month periods ended June 30, 2004, the Operating Partnership has capitalized approximately \$2.3 million and \$5.1 million, respectively related to real estate taxes, interest and other carrying costs related to these development projects. In October 2003, the Operating Partnership entered into a contract to sell a 113 acre land parcel located in New Jersey. The contract provides for a sales price ranging from \$18 million to \$36 million. The sale is contingent upon obtaining zoning for residential use of the land and other customary approvals. The proceeds ultimately received from such sale will be based upon the number of residential units permitted by the rezoning. The cost basis of the land parcel at June 30, 2004 was approximately \$5.7 million. The closing is scheduled to occur upon the rezoning, which is anticipated to occur within 12 to 24 months. However, there can be no assurances such rezoning will occur. During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration for the condemnation the Operating Partnership anticipates it will initially receive approximately \$1.8 million. The Operating Partnership's cost basis in this land parcel was approximately \$1.4 million. The Operating Partnership is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Operating Partnership will be successful in obtaining any such additional consideration. In July 2004, the Operating Partnership commenced the ground-up development of a 277,000 square foot Class A office building with a total anticipated investment cost of approximately \$60 million. This development is located within the Operating Partnership's existing 404,000 square foot executive office park in Melville, NY.

In November 2003, the Operating Partnership disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio to members of the Rechler family (the "Disposition") for approximately \$315.5 million, comprised of \$225.1 million in cash and debt assumption and 3,932,111 OP Units valued at approximately \$90.4 million. Approximately \$204 million of cash sales proceeds from the Disposition were used to repay borrowings under the Credit Facility. For information concerning certain litigation pertaining to this transaction see Part II-Other Information; Item 1. Legal Proceedings of this Form 10-Q.

In January 2004, the Operating Partnership sold a 104,000 square foot office property located on Long Island for approximately \$18.5 million. Net proceeds from the sale were used to repay borrowings under the Credit Facility. As a result, the Operating Partnership recorded a net gain of approximately \$5.5 million. In accordance with FASB Statement No. 144, such gain has been reflected in discontinued operations on the accompanying consolidated statements of income.

In January 2004, the Operating Partnership acquired 1185 Avenue of the Americas, a 42-story, 1.1 million square foot Class A office tower, located between 46th and 47th Streets in New York, NY for \$321 million. In connection with this acquisition, the Operating Partnership assumed a \$202 million mortgage and \$48 million of mezzanine debt. The balance of the purchase price was paid through an advance under the Credit Facility. The floating rate mortgage and mezzanine debt both mature in August 2004 and presently have a weighted average interest rate of 4.95%. Such rate is based on the greater of one month LIBOR or 2.15% plus a weighted average spread of approximately 2.80%. An interest rate hedge agreement was acquired to limit exposure to increases in LIBOR above 5.825%. The property is also encumbered by a ground lease which has a remaining term of approximately 40 years with rent scheduled to be re-set at the end of 2005 and then remain constant for the balance of the term. Pursuant to the terms of the ground lease, the Operating Partnership and the ground lessor have commenced arbitration proceedings relating to the re-setting of the ground lease. There can be no assurances as to the outcome of the rent re-set process. In accordance with FASB Statement No. 141, "Business Combinations", the Operating Partnership allocated and recorded net deferred intangible lease income of approximately \$14.2 million, representing the net value of acquired above and below market leases, assumed lease origination costs and other value of in-place leases. The net value of the above and below market leases is amortized over the remaining terms of the respective leases to rental income which amounted to approximately \$2.0 million and \$3.8 million for the three and six month periods ended June 30, 2004. In addition, amortization expense on the value of lease origination costs was approximately \$746,000 and \$1.3 million for the three and six month periods ended June 30, 2004. At acquisition, there were 31 in-place leases aggregating approximately one million square feet with a weighted average remaining lease

term of approximately 6 years.

In April 2004, the Operating Partnership sold a 175,000 square foot office building located on Long Island for approximately \$30 million, of which the Operating Partnership owned a 51% interest, and a wholly owned 9,000 square foot retail property for approximately \$2.8 million. In addition, the Operating Partnership completed the sale on two of the remaining three properties from the Disposition for approximately \$5.8 million. Proceeds from the sale were used to establish an escrow account with a qualified intermediary for a future exchange of real property pursuant to Section 1031 of the Code (a "Section 1031 Exchange"). A Section 1031 Exchange allows for the deferral of taxes related to the gain attributable to the sale of property if qualified replacement property is identified within 45 days and such qualified replacement property is then acquired within 180 days from the initial sale. There can be no assurances that the Operating Partnership will meet the requirements of Section 1031 by identifying and acquiring qualified replacement properties in the required time frame, in which case the Operating Partnership would incur the tax liability on the capital gain realized of approximately \$1.5 million. The disposition of the other industrial property, which is subject to certain environmental issues, is conditioned upon the approval of the buyer's lender, which has not been obtained. As a result, the Operating Partnership will not dispose of this property as part of the Disposition. Management believes that the cost to remediate the environmental issues will not have a material adverse effect on the Operating Partnership, but there can be no assurance in this regard.

In July 2004, the Operating Partnership acquired a 141,000 square foot Class A office property, located in Chatham Township, NJ for approximately \$22.7 million. The Operating Partnership made this acquisition through available cash-on-hand.

During February 2003, the Operating Partnership, through Reckson Construction Group, Inc., entered into a contract with an affiliate of First Data Corp. to sell a 19.3-acre parcel of land located in Melville, New York and was retained by the purchaser to develop a build-to-suit 195,000 square foot office building for aggregate consideration of approximately \$47 million. This transaction closed on March 11, 2003 and development of the aforementioned office building has been completed. In accordance with FASB Statement No. 66, the Operating Partnership has recognized a book gain, before taxes, on this land sale and build-to-suit transaction of approximately \$23.8 million, of which \$400,000 and \$5.0 million and, \$4.3 million and \$10.1 million has been recognized during the three and six month periods ended June 30, 2004 and 2003, respectively, and is included in investment and other income on the accompanying consolidated statements of income.

The Operating Partnership holds a \$17.0 million note receivable, which bears interest at 12% per annum and is secured by a minority partnership interest in Omni Partners, L.P., owner of the Omni, a 579,000 square foot Class A office property located in Uniondale, New York (the "Omni Note"). The Operating Partnership currently owns a 60% majority partnership interest in Omni Partners, L.P. and on March 14, 2007 may exercise an option to acquire the remaining 40% interest for a price based on 90% of the fair market value of the property. The Operating Partnership also holds a \$30 million junior mezzanine loan which is secured by a pledge of an indirect ownership interest of an entity which owns the ground leasehold estate under a 1.1 million square foot office complex located on Long Island, New York (the "Mezz Note"). The Mezz Note matures in September 2005, currently bears interest at 12.73%, and the borrower has the right to extend for three additional one-year periods. The Operating Partnership also holds three other notes receivable aggregating \$19.0 million which bear interest at rates ranging from 10.5% to 12% per annum. These notes are secured in part by a minority partner's preferred unit interest in the Operating Partnership, an interest in real property and a personal guarantee (the "Other Notes" and collectively with the Omni Note and the Mezz Note, the "Note Receivable Investments"). During April 2004, approximately \$2.7 million of the Other Notes, including accrued interest, were repaid by the minority partner exchanging, and the Operating Partnership redeeming, approximately 3,081 preferred units. The preferred units were redeemed at a par value of \$3.1 million. Approximately \$420,000 of the redemption proceeds was used to offset interest due from the minority partner under the Other Notes and for prepaid interest. In July 2004, the minority partner delivered notice to the Operating Partnership stating his intention to repay \$15.5 million of the 10.5% Other Notes. When repaid, the remaining Other Notes will aggregate \$3.5 million and carry a weighted average interest rate of 11.57%. The Operating Partnership has also agreed to extend the maturity of \$2.5 million of such debt through January 31, 2005 and the remaining \$1.0 million through January 31, 2010. As of June 30, 2004, management has made subjective assessments as to the underlying security value on the Operating Partnership's Note Receivable Investments. These assessments indicate an excess of market value over the carrying value related to the Operating Partnership's Note Receivable Investments. Based on these assessments the Operating Partnership's management believes there is no impairment to the carrying value related to the Operating Partnership's Note Receivable Investments.

The Operating Partnership also owns a 355,000 square foot office building in Orlando, Florida. This non-core real estate holding was acquired in May 1999 in connection with the Operating Partnership's initial New York City portfolio acquisition. This property is cross-collateralized under a \$100.1 million mortgage note payable along with one of the Operating Partnership's New York City buildings. The Operating Partnership has the right to prepay this note in November 2004, prior to its maturity.

The Operating Partnership also owns a 60% non-controlling interest in a 172,000 square foot office building located at 520 White Plains Road in White Plains, New York (the "520JV"), which it manages. As of June 30, 2004, the 520JV had total assets of \$20.6 million, a mortgage note payable of \$11.7 million and other liabilities of \$582,000. The Operating Partnership's allocable share of the 520JV mortgage note payable is approximately \$7.6 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. The operating agreement of the 520JV requires joint decisions from all members

on all significant operating and capital decisions including sale of the property, refinancing of the property's mortgage debt, development and approval of leasing strategy and leasing of rentable space. As a result of the decision-making participation relative to the operations of the property, the Operating Partnership accounts for the 520JV under the equity method of accounting. In accordance with the equity method of accounting the

Operating Partnership's proportionate share of the 520JV income (loss) was approximately \$294,000 and \$408,000 and \$(270,000) and \$(164,000) for the three and six month periods ended June 30, 2004 and 2003, respectively.

During September 2000, the Operating Partnership formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed nine Class A suburban office properties aggregating approximately 1.5 million square feet to the Tri-State JV for a 51% majority ownership interest. TIAA contributed approximately \$136 million for a 49% interest in the Tri-State JV which was then distributed to the Operating Partnership. In August 2003, the Operating Partnership acquired TIAA's 49% interest in the property located at 275 Broadhollow Road, Melville, NY, for approximately \$12.4 million. In addition, during April 2004, the Tri-State JV sold a 175,000 square foot office building located on Long Island for approximately \$30 million. Net proceeds from this sale were distributed to the members of the Tri-State JV. As a result of these transactions, the Tri-State JV owns seven Class A suburban office properties aggregating approximately 1.2 million square feet. The Operating Partnership is responsible for managing the day-to-day operations and business affairs of the Tri-State JV and has substantial rights in making decisions affecting the properties such as leasing, marketing and financing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Operating Partnership consolidates the Tri-State JV.

On December 21, 2001, the Operating Partnership formed a joint venture with the New York State Teachers' Retirement Systems ("NYSTRS") (the "919JV") whereby NYSTRS acquired a 49% indirect interest in the property located at 919 Third Avenue, New York, NY for \$220.5 million which included \$122.1 million of its proportionate share of secured mortgage debt and approximately \$98.4 million of cash which was then distributed to the Operating Partnership. The Operating Partnership is responsible for managing the day-to-day operations and business affairs of the 919JV and has substantial rights in making decisions affecting the property such as developing a budget, leasing and marketing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Operating Partnership consolidates the 919JV.

7. STOCKHOLDERS' EQUITY

An OP Unit and a share of common stock have essentially the same economic characteristics as they effectively share equally in the net income or loss and distributions of the Operating Partnership. Subject to certain holding periods, OP Units may either be redeemed for cash or, at the election of the Company, exchanged for shares of common stock of the Company on a one-for-one basis. The OP Units currently receive a quarterly distribution of \$.4246 per unit. As of June 30, 2004, the Operating Partnership had issued and outstanding 3,084,713 Class A OP Units and 465,845 Class C OP Units. The Class C OP Units were issued in August 2003 in connection with the contribution of real property to the Operating Partnership and currently receive a quarterly distribution of \$.4664 per unit

During June, 2004, the Operating Partnership declared the following distributions:

SECURITY	DISTRIBUTION	RECORD DATE	PAYMENT DATE	THREE MONTHS ENDED	ANNUALIZED DISTRIBUTION
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Common unit	\$.4246	July 7, 2004	July 20, 2004	June 30, 2004	\$ 1.6984
Class C common unit	\$.4664	July 7, 2004	July 20, 2004	June 30, 2004	\$ 1.8656
Series A preferred stock	\$.4766	July 15, 2004	August 2, 2004	July 31, 2004	\$ 1.9063

On November 25, 2003 the Company exchanged all of its 9,915,313 outstanding shares of Class B common stock for an equal number of shares of the Company's common stock. The Board of Directors declared a final cash dividend on the Company's Class B common stock to holders of record on November 25, 2003 in the amount of \$.1758 per share which was paid on January 12, 2004. This payment covered the period from November 1, 2003 through November 25, 2003 and was based on the previous quarterly Class B common stock dividend rate of \$.6471 per share. In order to align the regular quarterly dividend payment schedule of the former holders of Class B common stock with the schedule of the holders of common stock for periods subsequent to the exchange date for the Class B common stock, the Board of Directors also declared a cash dividend with regard to the common stock to holders of record on October 14, 2003 in the amount of \$.2585 per share which was paid on January 12, 2004. This payment covered the period from October 1, 2003 through November 25, 2003 and was based on the current quarterly common stock dividend rate of \$.4246 per share. As a result, the Company declared dividends through November 25, 2003 to all holders of common stock and Class B common stock. The Board of Directors also declared the common stock cash dividend for the portion of the fourth quarter subsequent to November 25, 2003. The holders of record of common stock on January 2, 2004, giving effect to the exchange transaction, received a dividend on the common stock in the amount of \$.1661 per share on January 12, 2004. This payment covered the period from November 26, 2003 through December 31, 2003 and was based on the current quarterly common stock dividend rate of \$.4246 per share. In connection with the Company's exchange of its Class B common stock, the Operating Partnership exchanged its Class B common units held by the Company for an equal number of OP Units. Further, with respect to the foregoing declarations on dividends on the Company's common and Class B common stock, the Operating Partnership made distributions on its OP Units and Class B common units in like amounts on the same dates.

During the six month period ended June 30, 2004, approximately 1.3 million

shares of the Company's common stock was issued in connection with the exercise of outstanding options to purchase stock under its stock option plans resulting in proceeds to the Company of approximately \$27.2 million. Such proceeds were then contributed to the Operating Partnership in exchange for an equal number of OP Units.

In March 2004, the Company completed an equity offering of 5.5 million shares of its common stock raising approximately \$149.5 million, net of an underwriting discount, or \$27.18 per share. Net proceeds received from this transaction were used to repay outstanding borrowings under the Credit Facility, repay \$100 million of the Operating Partnership's 7.4% senior unsecured notes and to invest in short-term liquid investments.

The Board of Directors of the Operating Partnership authorized the purchase of up to five million shares of the Company's common stock. Transactions conducted on the New York Stock Exchange have been, and will continue to be, effected in accordance with the safe harbor provisions of the Securities Exchange Act of 1934 and may be terminated by the Company at any time. Since the Board's initial authorization, the Company has purchased 3,318,600 shares of its common stock for an aggregate purchase price of approximately \$71.3 million. In June 2004, the Board of Directors re-set the Company's common stock repurchase program back to five million shares. No purchases were made during the six months ended June 30, 2004.

The Board of Directors of the Company also formed a pricing committee to consider purchases of up to \$75 million of the Company's outstanding preferred securities.

On June 30, 2004, the Company had issued and outstanding 8,693,900 shares of 7.625% Series A Convertible Cumulative Preferred Stock (the "Series A preferred stock"). The Series A preferred stock is redeemable by the Company on or after April 13, 2004 at a price of \$25.7625 per share with such price decreasing, at annual intervals, to \$25.00 per share on April 13, 2008. In addition, the Series A preferred stock, at the option of the holder, is convertible at any time into the Company's common stock at a price of \$28.51 per share. On May 13, 2004, the Company purchased and retired 140,600 shares of the Series A preferred stock for approximately \$3.4 million or \$24.45 per share. In addition, during July 2004, the Company exchanged 1,350,000 shares of the Series A preferred stock for 1,304,602 shares of its common stock. In connection with the Company purchasing and exchanging its Series A preferred stock, the Operating Partnership purchased and exchanged its Series A preferred units with the Company. As a result of these transactions annual preferred distributions will decrease by approximately \$2.8 million. In accordance with the Emerging Issues Task Force ("EITF") Topic D-42 the Operating Partnership will incur an accounting charge during the third quarter of 2004 of approximately \$3.4 million in connection with the July 2004 exchange of the Company's Series A preferred stock.

On January 1, 2004, the Company had issued and outstanding two million shares of Series B Convertible Cumulative Preferred Stock (the "Series B preferred stock"). The Series B preferred stock was redeemable by the Company as follows: (i) on or after June 3, 2003 to and including June 2, 2004, at \$25.50 per share and (ii) on or after June 3, 2004 and thereafter, at \$25.00 per share. The Series B preferred stock, at the option of the holder, was convertible at any time into the Company's common stock at a price of \$26.05 per share. On January 16, 2004, the Company exercised its option to redeem the two million shares of outstanding Series B preferred stock for approximately 1,958,000 shares of its common stock. In connection with the Company exercising its option to redeem the Series B Preferred Stock, the Operating Partnership redeemed its Series B preferred units with the Company for approximately 1,958,000 OP Units. As a result of this redemption annual preferred distributions will decrease by approximately \$4.4 million.

On April 1, 2004, the Operating Partnership had issued and outstanding approximately 19,662 preferred units of limited partnership interest with a liquidation preference value of \$1,000 per unit and a current annualized distribution of \$55.60 per unit (the "Preferred Units"). The Preferred Units are held by a third party and were issued in 1998 in connection with the contribution of real property to the Operating Partnership. On April 12, 2004, the Operating Partnership redeemed approximately 3,081 Preferred Units, at the election of the holder, for approximately \$3.1 million, including accrued and unpaid dividends which is being applied to amounts owed from the unit holder under the Other Notes. In addition, during July 2004, the holder of approximately 15,381 of the outstanding Preferred Units exchanged them into OP Units. The Operating Partnership converted the Preferred Units, including accrued and unpaid dividends, into approximately 531,000 OP Units, which were valued at approximately \$14.7 million at the time of the conversion. Subsequent to the conversion, the OP Units were exchanged for an equal number of shares of the Company's common stock. In connection with the July 2004 exchanges and conversions, the preferred unit holder delivered notice to the Operating Partnership of his intent to repay \$15.5 million owed from the unit holder under the Other Notes.

The Company had historically structured long term incentive programs ("LTIP") using restricted stock and stock loans. In July 2002, as a result of certain provisions of the Sarbanes Oxley legislation, the Operating Partnership discontinued the use of stock loans in its LTIP. In connection with LTIP grants made prior to the enactment of the Sarbanes Oxley legislation the Company made stock loans to certain executive and senior officers to purchase 487,500 shares of its common stock at market prices ranging from \$18.44 per share to \$27.13 per share. The stock loans were set to bear interest at the mid-term Applicable Federal Rate and were secured by the shares purchased. Such stock loans (including accrued interest) were scheduled to vest and be ratably forgiven each year on the anniversary of the grant date based upon vesting periods ranging from four to ten years based on continued service and in part on attaining certain annual performance measures. These stock loans had an initial aggregate weighted average vesting period of approximately nine years. As of June 30, 2004, there remains 222,429 shares of common stock subject to the original stock loans which are anticipated to vest between 2005 and 2011. Approximately \$248,000 and \$556,000 of compensation expense was recorded for the three and six month periods ended June 30, 2004, respectively related to these LTIP. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of income.

The outstanding stock loan balances due from executive and senior officers aggregated approximately \$4.7 million at June 30, 2004, and have been included as a reduction of additional paid in capital on the accompanying consolidated balance sheets. Other outstanding loans to executive and senior officers at June 30, 2004 amounted to approximately \$1.9 million primarily related to tax payment advances on stock compensation awards and life insurance contracts made to certain executive and non-executive officers.

In November 2002 and March 2003 an award of rights was granted to certain executive officers of the Company (the "2002 Rights" and "2003 Rights", respectively, and collectively, the "Rights"). Each Right represents the right to receive, upon vesting, one share of common stock if shares are then available for grant under one of the Company's stock option plans or, if shares are not so available, an amount of cash equivalent to the value of such stock on the vesting date. The 2002 Rights will vest in four equal annual installments beginning on November 14, 2003 (and shall be fully vested on November 14, 2006). The 2003 Rights will be earned as of March 13, 2005 and will vest in three equal annual installments beginning on March 13, 2005 (and shall be fully vested on March 13, 2007). Dividends on the shares will be held by the Company until such shares become vested, and will be distributed thereafter to the applicable officer. The 2002 Rights also entitle the holder thereof to cash payments in respect of taxes payable by the holder resulting from the Rights. The 2002 Rights aggregate 62,835 shares of the Company's common stock and the 2003 Rights aggregate 26,042 shares of common stock. As of June 30, 2004, there remains 47,126 shares of common stock related to the 2002 Rights and 26,042 shares of common stock related to the 2003 Rights. During the three and six month periods ended June 30, 2004 the Operating Partnership recorded approximately \$100,000 and \$201,000, respectively of compensation expense related to the Rights. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of income.

In March 2003, the Company established a new LTIP for its executive and senior officers. The four-year plan has a core award, which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan also has a special outperformance award, which provides for compensation to be earned at the end of a four-year period if the Company attains certain four-year cumulative performance measures. Amounts earned under the special outperformance award may be paid in cash or stock at the discretion of the Compensation Committee of the Board. Performance measures are based on total shareholder returns on a relative and absolute basis. On March 13, 2003, the Company made available 827,776 shares of its common stock under one of its existing stock option plans in connection with the core award of this LTIP for eight of its executive and senior officers. On March 13, 2004, the Company met its annual performance measure with respect to the prior annual period. As a result, the Company issued to the participants 206,944 shares of its common stock related to the core component of this LTIP. As of June 30, 2004, there remains 620,832 shares of common stock reserved for future issuance under the core award of this LTIP. With respect to the core award of this LTIP, the Operating Partnership recorded approximately \$699,000 and \$1.4 million of compensation expense for the three and six month periods ended June 30, 2004, respectively. Such amount has been included in marketing, general and administrative expenses on the accompanying consolidated statements of income. Further, no provision will be made for the special outperformance award of this LTIP until such time as achieving the requisite performance measures is determined to be probable.

As of June 30, 2004, the Company had approximately 4.3 million shares of its common stock reserved for issuance under its stock option plans, in certain cases subject to vested terms, at a weighted average exercise price of \$ 23.32 per option. In addition, the Company has approximately 815,000 shares of its common stock reserved for future issuance under its stock option plans.

Net income per common partnership unit is determined by allocating net income after preferred distributions and minority partners' interest in consolidated partnerships income to the general and limited partners' based on their weighted average distribution per common partnership units outstanding during the respective periods presented.

Holders of preferred units of limited and general partnership interest are entitled to distributions based on the stated rates of return (subject to adjustment) for those units.

The Operating Partnership issues additional units to the Company, and thereby increases the Company's general partnership interest in the Operating Partnership, with terms similar to the terms of any securities (i.e., common stock or preferred stock) issued by the Company (including any securities issued by the Company upon the exercise of stock options). Any consideration received by the Company in respect of the issuance of its securities is contributed to the Operating Partnership. In addition, the Operating Partnership or a subsidiary funds the compensation of personnel, including any amounts payable under the Company's LTIP.

8. SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION (IN THOUSANDS)

	SIX MONTHS ENDED	
	JUNE 30,	
	2004	2003
	-----	-----
Cash paid during the period for interest	\$ 50,277	\$ 47,304
	=====	=====
Interest capitalized during the period	\$ 4,000	\$ 3,675
	=====	=====

9. SEGMENT DISCLOSURE

The Operating Partnership's portfolio consists of Class A office properties located within the New York City metropolitan area and Class A suburban office properties located and operated within the Tri-State Area (the "Core Portfolio"). The Operating Partnership's portfolio also includes one office property located in Orlando, Florida. The Company has formed an Operating Committee that reports directly to the President and Chief Financial Officer who have been identified as the Chief Operating Decision Makers due to their final authority over resource allocation, decisions and performance assessment.

The Operating Partnership does not consider (i) interest incurred on its Credit Facility and Senior Unsecured Notes, (ii) the operating performance of the office property located in Orlando, Florida, (iii) the operating performance of those properties reflected as discontinued operations in the Operating Partnership's consolidated statements of income, and (iv) the operating results of the Service Companies as part of its Core Portfolio's property operating performance for purposes of its component disclosure set forth below.

The accounting policies of the reportable segments are the same as those described in the summary of significant account policies. In addition, amounts reflected have been adjusted to give effect to the Operating Partnership's discontinued operations in accordance with FASB Statement No. 144.

The following table sets forth the components of the Operating Partnership's revenues and expenses and other related disclosures (in thousands):

	THREE MONTHS ENDED					
	JUNE 30, 2004			JUNE 30, 2003		
	Core Portfolio	Other	CONSOLIDATED TOTALS	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:						
Base rents, tenant escalations and reimbursements	\$ 125,324	\$ 1,919	\$ 127,243	\$ 106,041	\$ 2,007	\$ 108,048
Interest, investment and other income	562	2,761	3,323	1,097	3,791	4,888
Total Revenues	125,886	4,680	130,566	107,138	5,798	112,936
EXPENSES:						
Property operating expenses	49,785	841	50,626	41,426	1,012	42,438
Marketing, general and administrative	4,076	3,298	7,374	3,987	4,808	8,795
Interest	15,847	8,760	24,607	10,054	10,091	20,145
Depreciation and amortization	28,026	1,591	29,617	25,453	1,530	26,983
Total Expenses	97,734	14,490	112,224	80,920	17,441	98,361
Income (loss) before minority interests, preferred dividends and distributions, equity (loss) in earnings of real estate joint ventures and discontinued operations	\$ 28,152	\$ (9,810)	\$ 18,342	\$ 26,218	\$ (11,643)	\$ 14,575

SIX MONTHS ENDED OR AS OF

	JUNE 30, 2004			JUNE 30, 2003		
	Core Portfolio	Other	CONSOLIDATED TOTALS	Core Portfolio	Other	CONSOLIDATED TOTALS
REVENUES:						
Base rents, tenant escalations and reimbursements	\$ 252,483	\$ 3,910	\$ 256,393	\$ 213,221	\$ 3,607	\$ 216,828
Interest, investment and other income	1,986	7,000	8,986	1,797	10,350	12,147
Total Revenues	254,469	10,910	265,379	215,018	13,957	228,975
EXPENSES:						
Property operating expenses	100,608	1,483	102,091	83,962	1,856	85,818
Marketing, general and administrative	8,280	6,161	14,441	7,963	8,401	16,364
Interest	31,477	18,791	50,268	20,060	20,182	40,242
Depreciation and amortization	55,516	3,222	58,738	52,634	3,129	55,763
Total Expenses	195,881	29,657	225,538	164,619	33,568	198,187
Income (loss) before minority interests, preferred dividends and distributions, equity (loss) in earnings of real estate joint ventures and discontinued operations	\$ 58,588	\$ (18,747)	\$ 39,841	\$ 50,399	\$ (19,611)	\$ 30,788
Total Assets	\$2,893,110	\$ 239,744	\$3,132,854	\$2,425,189	\$ 475,805	\$2,900,994

10. NON-CASH INVESTING AND FINANCING ACTIVITIES

During January 2004, in connection with the Operating Partnership's acquisition of 1185 Avenue of the Americas, New York, NY, the Operating Partnership assumed a \$202 million mortgage note payable and \$48 million of mezzanine debt (see Note 6).

During January 2004, as a result of the Company redeeming its Series B preferred stock, the Operating Partnership redeemed its outstanding Series B preferred units for approximately 1,958,000 OP Units.

During April 2004, the Operating Partnership redeemed approximately 3,081 Preferred Units, which were valued at approximately \$3.1 million which was applied to amounts owned from the unit holder under the Other Notes.

11. RELATED PARTY TRANSACTIONS

In connection with the Disposition, four of the five remaining options (the "Remaining Option Properties") granted to the Company at the time of the IPO to purchase interests in properties owned by Rechler family members were terminated. In return the Company received an aggregate payment from the Rechler family members of \$972,000. Rechler family members have also agreed to extend the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and to release the Company from approximately 15,500 square feet under its lease at this property. In connection with the restructuring of the remaining option the Rechler family members paid the Company \$1 million in return for the Company's agreement not to exercise the option during the next three years. As part of the agreement, the exercise price of the option payable by the Company was increased by \$1 million.

In addition, in April 2004, the Operating Partnership completed the sale to the Rechler family two of the three properties remaining in connection with the Disposition. The third property has subsequently been excluded from the Disposition and will not be transferred to the Rechler family (see Note 6).

As part of the Company's REIT structure it is provided management, leasing and construction related services through taxable REIT subsidiaries as defined by the Code. During the three and six month periods ended June 30, 2004 and 2003, Reckson Construction Group, Inc. or its successor, Reckson Construction & Development, LLC billed approximately \$217,000 and \$678,000 and \$105,000 and \$231,000, respectively, of market rate services and Reckson Management Group, Inc. billed approximately \$72,000 and \$138,000 and \$69,000 and \$140,000, respectively, of market rate management fees to the Remaining Option Properties.

Reckson Management Group, Inc. leases approximately 26,000 square feet of office space at the Remaining Option Property located at 225 Broadhollow Road, Melville, New York for its corporate offices at an annual base rent of approximately \$750,000. Reckson Management Group, Inc. had also entered into a short term license agreement at the property for 6,000 square feet of temporary space which expired in January 2004. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a property owned by certain members of the Rechler family at an annual base rent of approximately \$75,000. In addition, commencing April 1, 2004, Reckson Construction & Development, LLC ("RCD") has been leasing approximately 17,000 square feet of space at the Remaining Option Property, located at 225 Broadhollow Road, Melville, New York, which was formerly occupied by an affiliate of First Data Corp. through September 30, 2006 (see Note 6). Base rent of approximately \$121,000 was paid by RCD during the three months ended June 30, 2004. RCD anticipates it will mitigate this obligation by sub-letting the space to a third party. However, there can be no assurances that RCD will be successful in sub-leasing the aforementioned space and mitigating its aggregate costs.

A company affiliated with an Independent Director of the Company leases 15,566 square feet in a property owned by the Operating Partnership at an annual base rent of approximately \$445,000.

During 1997, the Operating Partnership formed FrontLine Capital Group, formerly Reckson Service Industries, Inc. ("FrontLine") and Reckson Strategic Venture Partners, LLC ("RSVP"). RSVP is a real estate venture capital fund which invested primarily in real estate and real estate operating companies outside the Operating Partnership's core office and industrial / R&D focus and whose common equity is held indirectly by FrontLine. In connection with the formation and spin-off of FrontLine, the Operating Partnership established an unsecured credit facility with FrontLine (the "FrontLine Facility") in the amount of \$100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. The Operating Partnership has advanced approximately \$93.4 million under the FrontLine Facility. The Operating Partnership also approved the funding of investments of up to \$100 million relating to RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under an unsecured loan facility (the "RSVP Facility") having terms similar to the FrontLine Facility (advances made under the RSVP Facility and the FrontLine Facility hereafter, the "FrontLine Loans"). During March 2001, the Operating Partnership increased the RSVP Commitment to \$110 million and as of June 30, 2004 approximately \$109.1 million had been funded through the RSVP Commitment, of which \$59.8 million represents investments by the Operating Partnership in RSVP-controlled (REIT-qualified) joint ventures and \$49.3 million represents loans made to FrontLine under the RSVP Facility. As of June 30, 2004, interest accrued (net of reserves) under the FrontLine Facility and the RSVP Facility was approximately \$19.6 million.

A committee of the Board of Directors, comprised solely of independent directors, considers any actions to be taken by the Company in connection with the FrontLine Loans and its investments in joint ventures with RSVP. During the third quarter of 2001, the Company noted a significant deterioration in FrontLine's operations and financial condition and, based on its assessment of value and recoverability and considering the findings and recommendations of the committee and its financial advisor, the Company recorded a \$163 million valuation reserve charge, inclusive of anticipated costs, in its consolidated statements of operations relating to its investments in the FrontLine Loans and joint ventures with RSVP. The Operating Partnership has discontinued the accrual of interest income with respect to the FrontLine Loans. The Operating Partnership has also reserved against its share of GAAP equity in earnings from the RSVP controlled joint ventures funded through the RSVP Commitment until such income is realized through cash distributions.

At December 31, 2001, the Company, pursuant to Section 166 of the Code, charged off for tax purposes \$70 million of the aforementioned reserve directly related to the FrontLine Facility, including accrued interest. On February 14, 2002, the Company charged off for tax purposes an additional \$38 million of the reserve directly related to the FrontLine Facility, including accrued interest, and \$47 million of the reserve directly related to the RSVP Facility, including accrued interest.

FrontLine is in default under the FrontLine Loans from the Operating Partnership and on June 12, 2002, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

In September 2003, RSVP completed the restructuring of its capital structure and management arrangements. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of approximately \$137 million in cash and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investment valued at approximately \$28.5 million. RSVP also restructured its management arrangements whereby a management company formed by its former managing directors has been retained to manage RSVP pursuant to a management agreement and the employment contracts of the managing directors with RSVP have been terminated. The management agreement provides for an annual base management fee, and disposition fees equal to 2% of the net proceeds received by RSVP on asset sales. (The base management fee and disposition fees are subject to a maximum over the term of the agreement of \$7.5 million.) In addition, the managing directors retained a one-third residual interest in RSVP's assets which is subordinated to the distribution of an aggregate amount of \$75 million to RSVP and/or the Operating Partnership in respect of its joint ventures with RSVP. The management agreement has a three-year term, subject to early termination in the event of the disposition of all of the assets of RSVP.

In connection with the restructuring, RSVP and certain of its affiliates obtained a \$60 million secured loan. In connection with this loan, the Operating Partnership agreed to indemnify the lender in respect of any environmental liabilities incurred with regard to RSVP's remaining assets in which the Operating Partnership has a joint venture interest (primarily certain student housing assets held by RSVP) and guaranteed the obligation of an affiliate of RSVP to the lender in an amount up to \$6 million plus collection costs for any losses incurred by the lender as a result of certain acts of malfeasance on the part of RSVP and/or its affiliates. The loan is scheduled to mature in 2006 and is expected to be repaid from proceeds of assets sales by RSVP and or a joint venture between RSVP and a subsidiary of the Operating Partnership.

In April 2004, American Campus Communities, Inc. ("ACC"), a student housing company owned by RSVP and the joint venture between RSVP and a subsidiary of the Operating Partnership, filed a registration statement on Form S-11 with the Securities and Exchange Commission in connection with a proposed initial public offering ("IPO") of its common stock. RSVP and the joint venture between RSVP and a subsidiary of the Operating Partnership plan to liquidate the ownership position in ACC in connection with the IPO transaction.

As a result of the foregoing, the net carrying value of the Operating Partnership's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Operating Partnership's share of previously accrued GAAP equity in earnings on those investments, is approximately \$65 million which was reassessed with no change by management as of June 30, 2004. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Operating Partnership's consolidated balance sheet.

Scott H. Rechler, who serves as Chief Executive Officer, President and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine and is its sole board member. Scott H. Rechler also serves as a member of the management committee of RSVP and has agreed to serve as a member of the board of ACC upon consummation of its initial public offering.

12. SUBSEQUENT EVENTS

On August 9, 2004, the Operating Partnership made an advance under its Credit Facility in the amount of \$222.5 million and along with cash-on-hand paid off the \$250 million balance of the mortgage debt on the property located at 1185 Avenue of the Americas in New York City.

On August 10, 2004, the Operating Partnership priced an offering of \$150 million of 5.875% senior unsecured notes due August 15, 2014. Interest on the notes will be payable semi-annually on February 15 and August 15, commencing February 15, 2005. The notes were priced at 99.151% of par value to yield 5.989%. Settlement is scheduled for August 13, 2004. Prior to the issuance of these notes the Operating Partnership entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes are issued and these instruments are settled the Company anticipates receiving a benefit of approximately \$1.9 million. Such benefit will be amortized against interest expense over the term of the notes. The Operating Partnership intends to use the net proceeds from this offering to repay a portion of the Credit Facility borrowings used to pay off the outstanding mortgage debt on 1185 Avenue of the Americas.

The Company is currently evaluating the redemption of some or all of its Series A preferred stock. In connection with the Company's redemption, if any, of its Series A preferred stock, the Operating Partnership will redeem an equal number of Series A preferred units.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the historical financial statements of Reckson Operating Partnership, L.P. (the "Operating Partnership") and related notes thereto.

The Operating Partnership considers certain statements set forth herein to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the Operating Partnership's expectations for future periods. Certain forward-looking statements, including, without limitation, statements relating to the timing and success of acquisitions and the completion of development or redevelopment of properties, the financing of the Operating Partnership's operations, the ability to lease vacant space and the ability to renew or relet space under expiring leases, involve risks and uncertainties. Many of the forward-looking statements can be identified by the use of words such as "believes", "may", "expects", "anticipates", "intends" or similar expressions. Although the Operating Partnership believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the actual results may differ materially from those set forth in the forward-looking statements and the Operating Partnership can give no assurance that its expectation will be achieved. Among those risks, trends and uncertainties are: the general economic climate, including the conditions affecting industries in which our principal tenants compete; changes in the supply of and demand for office in the New York Tri-State area; changes in interest rate levels; changes in the Operating Partnership's credit ratings; changes in the Operating Partnership's cost and access to capital; downturns in rental rate levels in our markets and our ability to lease or re-lease space in a timely manner at current or anticipated rental rate levels; the availability of financing to us or our tenants; financial condition of our tenants; changes in operating costs, including utility, security, real estate tax and insurance costs; repayment of debt owed to the Operating Partnership by third parties (including FrontLine Capital Group); risks associated with joint ventures; liability for uninsured losses or environmental matters; and other risks associated with the development and acquisition of properties, including risks that development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated. Consequently, such forward-looking statements should be regarded solely as reflections of the Operating Partnership's current operating and development plans and estimates. These plans and estimates are subject to revisions from time to time as additional information becomes available, and actual results may differ from those indicated in the referenced statements.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements of the Operating Partnership include accounts of the Operating Partnership and all majority-owned subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the Operating Partnership's consolidated financial statements and related notes. In preparing these financial statements, management has utilized information available including its past history, industry standards and the current economic environment among other factors in forming its estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements may not materialize. However, application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact comparability of the Operating Partnership's results of operations to those of companies in similar businesses.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

Minimum rental revenue is recognized on a straight-line basis, which averages minimum rents over the terms of the leases. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the Operating Partnership's balance sheets. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Ancillary and other property related income is recognized in the period earned.

The Operating Partnership makes estimates of the collectibility of its tenant accounts receivables related to base rents, tenant escalations and reimbursements and other revenue or income. The Operating Partnership specifically analyzes tenant receivables and analyzes historical bad debts, customer credit worthiness, current economic trends, changes in customer payment terms, publicly available information and, to the extent available, guidance provided by the tenant when evaluating the adequacy of its allowance for doubtful accounts. In addition, when tenants are in bankruptcy the Operating Partnership makes estimates of the expected recovery of pre-petition administrative and damage claims. In some cases, the ultimate resolution of those claims can exceed a year. These estimates have a direct impact on the Operating Partnership's net income because a higher bad debt reserve results in less net income.

The Operating Partnership incurred approximately \$700,000 and \$1.8 million, and \$1.6 million and \$3.6 million of bad debt expense during the three and six month periods ended June 30, 2004 and 2003, respectively, related to tenant receivables and deferred rents receivable which accordingly reduced total revenues and reported net income during the periods presented.

The Operating Partnership records interest income on investments in mortgage notes and notes receivable on an accrual basis of accounting. The Operating Partnership does not accrue interest on impaired loans where, in the judgment of management, collection of interest according to the contractual terms is considered doubtful. Among the factors the Operating Partnership considers in making an evaluation of the collectibility of interest are: (i) the status of the loan, (ii) the value of the underlying collateral, (iii) the financial condition of the borrower and (iv) anticipated future events.

Reckson Construction Group, Inc., Reckson Construction & Development LLC, (the successor to Reckson Construction Group, Inc.) and Reckson Construction Group New York, Inc. use the percentage-of-completion method for recording amounts earned on their contracts. This method records amounts earned as revenue in the proportion that actual costs incurred to date bear to the estimate of total costs at contract completion.

Gain on sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and the Operating Partnership having no substantial continuing involvement with the buyer.

The Operating Partnership follows the guidance provided for under the Financing Accounting Standards Board ("FASB") Statement No. 66, "Accounting for Sales of Real Estate" ("Statement No. 66"), which provides guidance on sales contracts that are accompanied by agreements which require the seller to develop the property in the future. Under Statement No. 66 profit is recognized and allocated to the sale of the land and the later development or construction work on the basis of estimated costs of each activity; the same rate of profit is attributed to each activity. As a result, profits are recognized and reflected over the improvement period on the basis of costs incurred (including land) as a percentage of total costs estimated to be incurred. The Operating Partnership uses the percentage of completion method, as the future costs of development and profit are reliably estimated.

REAL ESTATE

Land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred. Renovations and / or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Depreciation is computed utilizing the straight-line method over the estimated useful lives of ten to thirty years for buildings and improvements and five to ten years for furniture, fixtures and equipment. Tenant improvements are amortized on a straight-line basis over the term of the related leases.

The Operating Partnership is required to make subjective assessments as to the useful lives of its properties for purposes of determining the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Operating Partnership's net income. Should the Operating Partnership lengthen the expected useful life of a particular asset, it would be depreciated over more years and result in less depreciation expense and higher annual net income.

Assessment by the Operating Partnership of certain other lease related costs must be made when the Operating Partnership has a reason to believe that the tenant will not be able to execute under the term of the lease as originally expected.

On July 1, 2001 and January 1, 2002, the Operating Partnership adopted FASB Statement No.141, "Business Combinations" and FASB Statement No. 142, "Goodwill and Other Intangibles", respectively. As part of the acquisition of real estate assets, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and building improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values. The Operating Partnership assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. If the Operating Partnership incorrectly estimates the values at acquisition or the undiscounted cash flows, initial allocation of purchase price and future impairment charges may be different.

LONG LIVED ASSETS

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Such cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Operating Partnership is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. These assessments have a direct impact on the Operating Partnership's net income because recognizing an impairment results in an immediate negative adjustment to net income. In determining impairment, if any, the Operating Partnership has adopted FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets." In accordance with the provisions of Statement No. 144, the Operating Partnership allocated approximately \$2.6 million and \$5.2 million of its unsecured corporate interest expense to discontinued operations for the three and six months ended June 30, 2003.

CASH AND CASH EQUIVALENTS

The Operating Partnership considers highly liquid investments with a maturity of six months or less when purchased to be cash equivalents. Cash balances at June 30, 2004 include approximately \$46.5 million of the remaining net proceeds received during the six month period ended June 30, 2004 relating to property sales, the issuance of the Company's equity and the Operating Partnership's January 2004 issuance of senior unsecured notes.

OVERVIEW AND BACKGROUND

The Operating Partnership, which commenced operations on June 2, 1995, is engaged in the ownership, operation, acquisition, leasing, financing, management and development of office and to a lesser extent industrial properties and also owns land for future development located in the commercial real estate markets in and around the New York City tri-state area (the "Tri-State Area"). Reckson Associates Realty Corp. ("the Company"), is a self administered self managed real estate investment trust ("REIT"), and serves the sole general partner of the Operating Partnership. The Operating Partnership conducts its management, leasing, construction and development related services through the Company's taxable REIT subsidiaries. Reckson Management Group, Inc., RANY Management Group, Inc. and Reckson Construction & Development LLC (the "Service Companies") currently provide these services. The Operating Partnership and the Company (collectively the "Company") were formed for the purpose of continuing the commercial real estate business of Reckson Associates, the predecessor of the Operating Partnership, its affiliated partnerships and other entities.

As of June 30, 2004, the Operating Partnership owned and operated 76 office properties (inclusive of nine office properties owned through joint ventures) comprising approximately 14.4 million square feet and 9 industrial / R&D properties comprising approximately 955,000 located in the Tri-State Area.

In June 2004, the Operating Partnership entered into a contract to sell a 92,000 square foot industrial property located in Westchester for approximately \$7.5 million. The Operating Partnership's basis in this property is approximately \$4.8 million and is included in properties and related assets held for sale on the Operating Partnership's balance sheet.

As of June 30, 2004, the Operating Partnership also owned approximately 313 acres of land in 12 separate parcels of which the Operating Partnership can develop approximately 3.0 million square feet of office space. The Operating Partnership is currently evaluating alternative land uses for certain of the land holdings to realize the highest economic value. These alternatives may include rezoning certain land parcels from commercial to residential use for potential disposition. As of June 30, 2004, the Operating Partnership had invested approximately \$124.5 million in these development projects. Management has made subjective assessments as to the value and recoverability of these investments based on current and proposed development plans, market comparable land values and alternative use values. In addition, during the three and six month periods ended June 30, 2004, the Operating Partnership has capitalized approximately \$2.3 million and \$5.1 million, respectively related to real estate taxes, interest and other carrying costs related to these development projects. In October 2003, the Operating Partnership entered into a contract to sell a 113 acre land parcel located in New Jersey. The contract provides for a sales price ranging from \$18 million to \$36 million. The sale is contingent upon obtaining zoning for residential use of the land and other customary approvals. The proceeds ultimately received from such sale will be based upon the number of residential units permitted by the rezoning. The cost basis of the land parcel at June 30, 2004 was approximately \$5.7 million. The closing is scheduled to occur upon the rezoning, which is anticipated to occur within 12 to 24 months. However, there can be no assurances such rezoning will occur. During February 2004, a 3.9 acre land parcel located on Long Island was condemned by the Town of Oyster Bay. As consideration from the condemnation the Operating Partnership anticipates it will initially receive approximately \$1.8 million. The Operating Partnership's cost basis in this land parcel was approximately \$1.4 million. The Operating Partnership is currently contesting this valuation and seeking payment of additional consideration from the Town of Oyster Bay but there can be no assurances that the Operating Partnership will be successful in obtaining any such additional consideration. In July 2004, the Operating Partnership commenced the ground-up development of a 277,000 square foot Class A office building with a total anticipated investment cost of approximately \$60 million. This development is located within the Operating Partnership's existing 404,000 square foot executive office park in Melville, NY.

In November 2003, the Operating Partnership disposed of all but three of its 95 property, 5.9 million square foot, Long Island industrial building portfolio to members of the Rechler family (the "Disposition") for approximately \$315.5 million, comprised of \$225.1 million in cash and debt assumption and 3,932,111 common units of limited partnership interest in the Operating Partnership ("OP Units") valued at approximately \$90.4 million. Approximately \$204 million of cash sales proceeds from the Disposition were used to repay borrowings under the Operating Partnership's unsecured credit facility. For information concerning certain litigation matters pertaining to this transaction see Part II-Other Information; Item 1. Legal Proceedings of this Form 10-Q.

In connection with the Disposition, four of the five remaining options (the "Remaining Option Properties") granted to the Company at the time of the IPO to purchase interests in properties owned by Rechler family members were terminated. In return the Company received an aggregate payment from the Rechler family members of \$972,000. Rechler family members have also agreed to extend the term of the remaining option on the property located at 225 Broadhollow Road, Melville, New York (the Company's current headquarters) for five years and to release the Company from approximately 15,500 square feet under its lease at this property. In connection with the restructuring of the remaining option the Rechler family members paid the Company \$1 million in return for the Company's agreement not to exercise the option during the next three years. As part of the agreement, the exercise price of the option payable by the Company was increased by \$1 million.

In January 2004, the Operating Partnership sold a 104,000 square foot office property located on Long Island for approximately \$18.5 million. Net proceeds from the sale were used to repay borrowings under the Operating Partnership's unsecured credit facility. As a result, the Operating Partnership recorded a net gain of approximately \$5.5 million. In accordance with FASB Statement No. 144, such gain has been reflected in discontinued operations on the Operating Partnership's consolidated statements of income.

In January 2004, the Operating Partnership acquired 1185 Avenue of the Americas, a 42-story, 1.1 million square foot Class A office tower, located between 46th and 47th Streets in New York, NY for \$321 million. In connection with this acquisition, the Operating Partnership assumed a \$202 million mortgage and \$48 million of mezzanine debt. The balance of the purchase price was paid through an advance under the Credit Facility. The floating rate mortgage and mezzanine debt both mature in August 2004 and presently have a weighted average interest rate of 4.95%. Such rate is based on the greater of one month LIBOR or 2.15% plus a weighted average spread of approximately 2.80%. An interest rate hedge agreement was acquired to limit exposure to increases in LIBOR above 5.825%. The property is also encumbered by a ground lease which has a remaining term of approximately 40 years with rent scheduled to be re-set at the end of 2005 and then remain constant for the balance of the term. Pursuant to the terms of the ground lease, the Operating Partnership and the ground lessor have commenced arbitration proceedings related to the re-setting of the ground lease. There can be no assurances as to the outcome of the rent re-set process. In accordance with FASB Statement No. 141, "Business Combinations", the Operating Partnership allocated and recorded net deferred intangible lease income of approximately \$14.2 million, representing the net value of acquired above and below market leases, assumed lease origination costs and other value of in-place leases. The net value of the above and below market leases is amortized over the remaining terms of the respective leases to rental income which amounted to approximately \$2.0 million and \$3.8 million for the three and six month periods ended June 30, 2004. In addition, amortization expense on the value of lease origination costs was approximately \$746,000 and \$1.3 million for the three and six month periods ended June 30, 2004, respectively. At acquisition, there were 31 in-place leases aggregating approximately one million square feet with a weighted average remaining lease term of approximately 6 years.

During February 2004, the Operating Partnership executed a lease with Nassau County for the entire building and concourse level at 60 Charles Lindbergh Blvd., Long Island, comprising approximately 200,000 square feet, including 127,000 square feet previously vacated by WorldCom/MCI. 60 Charles Lindbergh Blvd. will be repositioned to satisfy Nassau County's use.

In April 2004, the Operating Partnership sold a 175,000 square foot office building located on Long Island for approximately \$30 million, of which the Operating Partnership owned a 51% interest, and a wholly owned 9,000 square foot retail property for approximately \$2.8 million. In addition, the Operating Partnership completed the sale on two of the remaining three properties from the Disposition for approximately \$5.8 million. Proceeds from the sale were used to establish an escrow account with a qualified intermediary for a future exchange of real property pursuant to Section 1031 of the Code (a "Section 1031 Exchange"). A Section 1031 Exchange allows for the deferral of taxes related to the gain attributable to the sale of property if qualified replacement property is identified within 45 days and such qualified replacement property is then acquired within 180 days from the initial sale. There can be no assurances that the Operating Partnership will meet the requirements of Section 1031 by identifying and acquiring qualified replacement properties in the required time frame, in which case the Operating Partnership would incur the tax liability on the capital gain realized of approximately \$1.5 million. The disposition of the other industrial property, which is subject to certain environmental issues, is conditioned upon the approval of the buyer's lender, which has not been obtained. As a result, the Operating Partnership will not dispose of this property as part of the Disposition. Management believes that the cost to remediate the environmental issues will not have a material adverse effect on the Operating Partnership, but there can be no assurance in this regard.

In July 2004, the Operating Partnership acquired a 141,000 square foot Class A office property, located in Chatham Township, NJ for approximately \$22.7 million. The Operating Partnership made this acquisition through available cash-on-hand.

During February 2003, the Operating Partnership, through Reckson Construction Group, Inc., entered into a contract with an affiliate of First Data Corp. to sell a 19.3-acre parcel of land located in Melville, New York and was retained by the purchaser to develop a build-to-suit 195,000 square foot office building for aggregate consideration of approximately \$47 million. This transaction closed on March 11, 2003 and development of the aforementioned office building has been completed. In accordance with FASB Statement No. 66, the Operating Partnership has recognized a book gain, before taxes, on this land sale and build-to-suit transaction of approximately \$23.8 million, of which \$400,000 and \$5.0 million and \$4.3 million and \$10.1 million has been recognized during the three and six month periods ended June 30, 2004 and 2003, respectively, and is included in investment and other income on the Operating Partnership's consolidated statements of income.

The Operating Partnership holds a \$17.0 million note receivable, which bears interest at 12% per annum and is secured by a minority partnership interest in Omni Partners, L.P., owner of the Omni, a 579,000 square foot Class A office property located in Uniondale, New York (the "Omni Note"). The Operating Partnership currently owns a 60% majority partnership interest in Omni Partners, L.P. and on March 14, 2007 may exercise an option to acquire the remaining 40% interest for a price based on 90% of the fair market value of the property. The Operating Partnership also holds a \$30 million junior mezzanine loan which is secured by a pledge of an indirect ownership interest of an entity which owns the ground leasehold estate under a 1.1 million square foot office complex located on Long Island, New York (the "Mezz Note"). The Mezz Note matures in September 2005, currently bears interest at 12.73%, and the borrower has the right to extend for three additional one-year periods. The Operating Partnership also holds three other notes receivable aggregating \$19.0 million which bear interest at rates ranging from 10.5% to 12% per annum. These notes are secured in part by a minority partner's preferred unit interest in the Operating Partnership, an interest in real property and a personal guarantee (the "Other Notes" and collectively with the Omni Note and the Mezz Note, the "Note Receivable Investments"). During April 2004, approximately \$2.7 million of the Other Notes, including accrued interest, were repaid by the minority partner exchanging, and the Operating Partnership redeeming, approximately 3,081 preferred units. The preferred units were redeemed at a par value of \$3.1 million. Approximately \$420,000 of the redemption proceeds was used to offset interest due from the minority partner under the Other Notes and for prepaid interest. In July 2004, the minority partner delivered notice to the Operating Partnership stating his intention to repay \$15.5 million of the 10.5% Other Notes. When repaid, the remaining Other Notes will aggregate \$3.5 million and carry a weighted average interest rate of 11.57%. The Operating Partnership has also agreed to extend the maturity of \$2.5 million of such debt through January 31, 2005 and the remaining \$1.0 million through January 31, 2010. As of June 30, 2004, management has made subjective assessments as to the underlying security value on the Operating Partnership's Note Receivable Investments. These assessments indicate an excess of market value over the carrying value related to the Operating Partnership's Note Receivable Investments. Based on these assessments the Operating Partnership's management believes there is no impairment to the carrying value related to the Operating Partnership's Note Receivable Investments.

The Operating Partnership also owns a 355,000 square foot office building in Orlando, Florida. This non-core real estate holding was acquired in May 1999 in connection with the Operating Partnership's initial New York City portfolio acquisition. This property is cross-collateralized under a \$100.1 million mortgage note payable along with one of the Operating Partnership's New York City buildings. The Operating Partnership has the right to prepay this note in November 2004, prior to its maturity.

The Operating Partnership also owns a 60% non-controlling interest in a 172,000 square foot office building located at 520 White Plains Road in White Plains, New York (the "520JV"), which it manages. As of June 30, 2004, the 520JV had total assets of \$20.6 million, a mortgage note payable of \$11.7 million and other liabilities of \$582,000. The Operating Partnership's allocable share of the 520JV mortgage note payable is approximately \$7.6 million. This mortgage note payable bears interest at 8.85% per annum and matures on September 1, 2005. The operating agreement of the 520JV requires joint decisions from all members on all significant operating and capital decisions including sale of the property, refinancing of the property's mortgage debt, development and approval of leasing strategy and leasing of rentable space. As a result of the decision-making participation relative to the operations of the property, the Operating Partnership accounts for the 520JV under the equity method of accounting. In accordance with the equity method of accounting the Operating Partnership's proportionate share of the 520JV income (loss) was approximately \$294,000 and \$408,000 and \$(270,000) and \$(164,000) for the three and six month periods ended June 30, 2004 and 2003, respectively.

As part of the Company's REIT structure it is provided management, leasing and construction related services through taxable REIT subsidiaries as defined by the Code. During the three and six months ended June 30, 2004 and 2003, Reckson Construction Group, Inc. or its successor, Reckson Construction & Development, LLC billed approximately \$217,000 and \$678,000 and \$105,900 and \$231,000, respectively, of market rate services and Reckson Management Group, Inc. billed approximately \$72,000 and \$138,000, and \$69,000 and \$140,000, respectively, of market rate management fees to the Remaining Option Properties.

Reckson Management Group, Inc. leases approximately 26,000 square feet of office space at the Remaining Option Property located at 225 Broadhollow Road, Melville, New York for its corporate offices at an annual base rent of approximately \$750,000. Reckson Management Group, Inc. had also entered into a short term license agreement at the property for 6,000 square feet of temporary space which expired in January 2004. Reckson Management Group, Inc. also leases 10,722 square feet of warehouse space used for equipment, materials and inventory storage at a property owned by certain members of the Rechler family at an annual base rent of approximately \$75,000. In addition, commencing April 1, 2004, Reckson Construction & Development, LLC ("RCD") has been leasing approximately 17,000 square feet of space at the Remaining Option Property, located at 225 Broadhollow Road, Melville, New York, which was formerly occupied by an affiliate of First Data Corp. through September 30, 2006. Base rent of approximately \$121,000 was paid by RCD during the three months ended June 30, 2004. RCD anticipates it will mitigate this obligation by sub-letting the space to a third party. However, there can be no assurances that RCD will be successful in sub-letting the aforementioned space and mitigating its aggregate costs.

A company affiliated with an Independent Director of the Company leases 15,566 square feet in a property owned by the Operating Partnership at an annual base rent of approximately \$445,000.

During July 1998, the Operating Partnership formed Metropolitan Partners, LLC ("Metropolitan") for the purpose of acquiring Class A office properties in New York City. Currently the Company owns, through Metropolitan and the Operating Partnership, six Class A office properties, located in the New York City borough of Manhattan, aggregating approximately 4.5 million square feet.

During September 2000, the Operating Partnership formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed nine Class A suburban office properties aggregating approximately 1.5 million square feet to the Tri-State JV for a 51% majority ownership interest. TIAA contributed approximately \$136 million for a 49% interest in the Tri-State JV which was then distributed to the Operating Partnership. In August 2003, the Operating Partnership acquired TIAA's 49% interest in the property located at 275 Broadhollow Road, Melville, NY, for approximately \$12.4 million. In addition, during April 2004, the Tri-State JV sold a 175,000 square foot office building located on Long Island for approximately \$30 million. Net proceeds from this sale were distributed to the members of the Tri-State JV. As a result of these transactions, the Tri-State JV owns seven Class A suburban office properties aggregating approximately 1.2 million square feet. The Operating Partnership is responsible for managing the day-to-day operations and business affairs of the Tri-State JV and has substantial rights in making decisions affecting the properties such as leasing, marketing and financing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Operating Partnership consolidates the Tri-State JV.

On December 21, 2001, the Operating Partnership formed a joint venture with the New York State Teachers' Retirement Systems ("NYSTRS") (the "919JV") whereby NYSTRS acquired a 49% indirect interest in the property located at 919 Third Avenue, New York, NY for \$220.5 million which included \$122.1 million of its proportionate share of secured mortgage debt and approximately \$98.4 million of cash which was then distributed to the Operating Partnership. The Operating Partnership is responsible for managing the day-to-day operations and business affairs of the 919JV and has substantial rights in making decisions affecting the property such as developing a budget, leasing and marketing. The minority member has certain rights primarily intended to protect its investment. For purposes of its financial statements the Operating Partnership consolidates the 919JV.

The total market capitalization of the Operating Partnership at June 30, 2004 was approximately \$3.7 billion. The Operating Partnership's total market capitalization is based on the sum of (i) the market value of the Operating Partnership's OP Units (assuming conversion) which for this purpose is based on the closing price of the Company's common stock on June 30, 2004 of \$27.46 per unit, (ii) the liquidation preference value of the Operating Partnership's preferred units and (iii) the approximately \$1.5 billion (including its share of consolidated and unconsolidated joint venture debt and net of minority partners' interests share of consolidated joint venture debt) of debt outstanding at June 30, 2004. As a result, the Operating Partnership's total debt to total market capitalization ratio at June 30, 2004 equaled approximately 40.3%.

During 1997, the Operating Partnership formed FrontLine Capital Group, formerly Reckson Service Industries, Inc. ("FrontLine") and Reckson Strategic Venture Partners, LLC ("RSVP"). RSVP is a real estate venture capital fund, which invested primarily in real estate and real estate, operating companies outside the Operating Partnership's core office and industrial / R&D focus and whose common equity is held indirectly by FrontLine. In connection with the formation and spin-off of FrontLine, the Operating Partnership established an unsecured credit facility with FrontLine (the "FrontLine Facility") in the amount of \$100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. The Operating Partnership has advanced approximately \$93.4 million under the FrontLine Facility. The Operating Partnership also approved the funding of investments of up to \$100 million relating to RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under an unsecured loan facility (the "RSVP Facility") having terms similar to the FrontLine Facility (advances made under the RSVP Facility and the FrontLine Facility hereafter, the "FrontLine Loans"). During March 2001, the Operating Partnership increased the RSVP Commitment to \$110 million and as of June 30, 2004, approximately \$109.1 million had been funded through the RSVP Commitment, of which \$59.8 million represents investments by the Operating Partnership in RSVP-controlled (REIT-qualified) joint ventures and \$49.3 million represents loans made to FrontLine under the RSVP Facility. As of June 30, 2004, interest accrued (net of reserves) under the

FrontLine Facility and the RSVP Facility was approximately \$19.6 million.

In September 2003, RSVP completed the restructuring of its capital structure. In connection with the restructuring, RSVP redeemed the interest of the preferred equity holders of RSVP for an aggregate of \$137 million in cash and the transfer to the preferred equity holders of the assets that comprised RSVP's parking investments valued at approximately \$28.5 million. As a result of this transaction amounts formerly invested in the privatization, parking and medical office platforms have been reinvested as part of the buyout transaction.

A committee of the Board of Directors, comprised solely of independent directors, considers any actions to be taken by the Company in connection with the FrontLine Loans and its investments in joint ventures with RSVP. During the third quarter of 2001, the Company noted a significant deterioration in FrontLine's operations and financial condition and, based on its assessment of value and recoverability and considering the findings and recommendations of the committee and its financial advisor, the Company recorded a \$163 million valuation reserve charge, inclusive of anticipated costs, in its consolidated statements of operations relating to its investments in the FrontLine Loans and joint ventures with RSVP. The Operating Partnership has discontinued the accrual of interest income with respect to the FrontLine Loans. The Operating Partnership has also reserved against its share of GAAP equity in earnings from the RSVP controlled joint ventures funded through the RSVP Commitment until such income is realized through cash distributions.

At December 31, 2001, the Company, pursuant to Section 166 of the Code, charged off for tax purposes \$70 million of the aforementioned reserve directly related to the FrontLine Facility, including accrued interest. On February 14, 2002, the Company charged off for tax purposes an additional \$38 million of the reserve directly related to the FrontLine Facility, including accrued interest, and \$47 million of the reserve directly related to the RSVP Facility, including accrued interest.

FrontLine is in default under the FrontLine Loans from the Operating Partnership and on June 12, 2002, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

RSVP also restructured its management arrangements whereby a management company formed by its former managing directors has been retained to manage RSVP pursuant to a management agreement and the employment contracts of the managing directors with RSVP have been terminated. The management agreement provides for an annual base management fee, and disposition fees equal to 2% of the net proceeds received by RSVP on asset sales. (The base management fee and disposition fees are subject to a maximum over the term of the agreement of \$7.5 million.) In addition, the managing directors retained a one-third residual interest in RSVP's assets which is subordinated to the distribution of an aggregate amount of \$75 million to RSVP and/or the Operating Partnership in respect of its joint ventures with RSVP. The management agreement has a three-year term, subject to early termination in the event of the disposition of all of the assets of RSVP.

In connection with the restructuring, RSVP and certain of its affiliates obtained a \$60 million secured loan. In connection with this loan, the Operating Partnership agreed to indemnify the lender in respect of any environmental liabilities incurred with regard to RSVP's remaining assets in which the Operating Partnership has a joint venture interest (primarily certain student housing assets held by RSVP) and guaranteed the obligation of an affiliate of RSVP to the lender in an amount up to \$6 million plus collection costs for any losses incurred by the lender as a result of certain acts of malfeasance on the part of RSVP and/or its affiliates. The loan is scheduled to mature in 2006 and is expected to be repaid from proceeds of assets sales by RSVP and or a joint venture between RSVP and a subsidiary of the Operating Partnership.

In April 2004, American Campus Communities, Inc. ("ACC"), a student housing company owned by RSVP and the joint venture between RSVP and a subsidiary of the Operating Partnership, filed a registration statement on Form S-11 with the Securities and Exchange Commission in connection with a proposed initial public offering ("IPO") of its common stock. RSVP and the joint venture between RSVP and a subsidiary of the Operating Partnership plan to liquidate the ownership position in ACC in connection with the IPO transaction.

As a result of the foregoing, the net carrying value of the Operating Partnership's investments in the FrontLine Loans and joint venture investments with RSVP, inclusive of the Operating Partnership's share of previously accrued GAAP equity in earnings on those investments, is approximately \$65 million, which was reassessed with no change by management as of June 30, 2004. Such amount has been reflected in investments in service companies and affiliate loans and joint ventures on the Operating Partnership's consolidated balance sheet.

Scott H. Rechler, who serves as Chief Executive Officer, President and a director of the Company, serves as CEO and Chairman of the Board of Directors of FrontLine and is its sole board member. Scott H. Rechler also serves as a member of the management committee of RSVP and has agreed to serve as a member of the board of ACC upon consummation of its initial public offering.

RESULTS OF OPERATIONS

The following table is a comparison of the results of operations for the three month period ended June 30, 2004 to the three month period ended June 30, 2003 (dollars in thousands):

	THREE MONTHS ENDED JUNE 30,			
	2004	2003	CHANGE	
			DOLLARS	PERCENT
PROPERTY OPERATING REVENUES:				
Base rents	\$ 109,765	\$ 94,141	\$ 15,624	16.6%
Tenant escalations and reimbursements ...	17,478	13,907	3,571	25.7%
TOTAL PROPERTY OPERATING REVENUES	\$ 127,243	\$ 108,048	\$ 19,195	17.8%
PROPERTY OPERATING EXPENSES:				
Operating expenses	\$ 30,532	\$ 25,351	\$ 5,181	20.4%
Real estate taxes	20,094	17,087	3,007	17.6%
TOTAL PROPERTY OPERATING EXPENSES	\$ 50,626	\$ 42,438	\$ 8,188	19.3%
INVESTMENT AND OTHER INCOME	\$ 3,323	\$ 4,888	\$ (1,565)	(32.0)%
OTHER EXPENSES:				
Interest expense	\$ 24,607	\$ 20,145	\$ 4,462	22.1%
Marketing, general and administrative	7,374	8,795	(1,421)	(16.2)%
TOTAL OTHER EXPENSES	\$ 31,981	\$ 28,940	\$ 3,041	10.5%

The Operating Partnership's property operating revenues, which include base-rents and tenant escalations and reimbursements ("Property Operating Revenues") increased by \$19.2 million for the three months ended June 30, 2004 as compared to the 2003 period. Property Operating Revenues increased \$14.6 million attributable to lease up of redeveloped properties and from the acquisitions of 1185 Avenue of the Americas in January 2004 and 1055 Washington Avenue in August 2003. In addition, Property Operating Revenues increased by \$1.3 million from built-in rent increases for existing tenants in our "same store" properties and by an \$800,000 increase in termination fees. Property Operating Revenues also increased by approximately \$1.6 million due to the reduction in tenant receivable write-offs and to a weighted average occupancy increase in our "same store" properties. Tenant escalations and reimbursements increased \$2.3 million attributable to increased operating expense and real estate tax costs being passed through to tenants as base years for 2002 take effect. These increases were offset by \$500,000 in same space rental rate decreases and \$800,000 of free rent concessions.

The Operating Partnership's property operating expenses, real estate taxes and ground rents ("Property Expenses") increased by approximately \$8.2 million for the three months ended June 30, 2004 as compared to the 2003 period. The increase is primarily attributable to the Operating Partnership's acquisitions of 1185 Avenue of the Americas and 1055 Washington Avenue amounting to approximately \$7.6 million. The remaining increase in property operating expenses is attributable to \$600,000 in real estate taxes and operating expenses from the Operating Partnership's "same store" properties. Increases in real estate taxes is attributable to the significant increases levied by certain municipalities, particularly in New York City and Nassau County, New York which have experienced fiscal budget issues.

Investment and other income decreased by \$1.6 million or 32.0%. This decrease is primarily attributable to the decrease in the gain recognized of the Operating Partnership's land sale and build-to-suit transaction of approximately \$3.9 million. This decrease was off-set by cost savings achieved by the Operating Partnership's service companies related to the November 2003 restructuring.

Interest expense increased by \$4.5 million or 22.1%. This increase is attributable to approximately \$3.4 million of interest expense incurred on the mortgage debt on 1185 Avenue of the Americas which was acquired in January 2004 and approximately \$2.8 million of corporate interest expense allocable to discontinued operations for the three month period ended June 30, 2003 with no such allocation in the current period. These increases were offset by decreases in interest expense of approximately \$400,000 incurred under the Operating Partnership's "same store" mortgage portfolio and a decrease in interest expense of approximately \$1.7 million incurred under the Operating Partnership's unsecured credit facility as a result of a decrease in the weighted average balance outstanding. The weighted average balance outstanding under the Operating Partnership's unsecured credit facility was \$90 million for the three months ended June 30, 2004 as compared to \$319.9 million for the three months ended June 30, 2003.

Marketing, general and administrative expenses decreased by \$1.4 million or 16.2%. This overall decrease is attributable to the efficiencies the Operating Partnership achieved as a result of its November 2003 restructuring and the related termination of certain employees and settlement of the employment contracts of certain former executive officers of the Operating Partnership.

Discontinued operations, net of minority interests, increased by approximately \$122,000. This net increase is attributable to the gain on sales related to those properties sold during the current period of approximately \$3.8 million, which was offset by the decrease of the operations for those properties sold between July 1, 2003 and March 31, 2004.

The following table is a comparison of the results of operations for the six month period ended June 30, 2004 to the six month period ended June 30, 2003 (dollars in thousands):

	SIX MONTHS ENDED JUNE 30,			
	2004	2003	DOLLARS	PERCENT
PROPERTY OPERATING REVENUES:				
Base rents	\$ 220,800	\$ 188,885	\$ 31,915	16.9%
Tenant escalations and reimbursements	35,593	27,943	7,650	27.4%
TOTAL PROPERTY OPERATING REVENUES	\$ 256,393	\$ 216,828	\$ 39,565	18.2%
PROPERTY OPERATING EXPENSES:				
Operating expenses	\$ 61,406	\$ 51,789	\$ 9,617	18.6%
Real estate taxes	40,685	34,029	6,656	19.6%
TOTAL PROPERTY OPERATING EXPENSES	\$ 102,091	\$ 85,818	\$ 16,273	19.0%
INVESTMENT AND OTHER INCOME	\$ 8,986	\$ 12,147	\$ (3,161)	(26.0)%
OTHER EXPENSES:				
Interest expense	\$ 50,268	\$ 40,242	\$ 10,026	24.9%
Marketing, general and administrative	14,441	16,364	(1,923)	(11.8)%
TOTAL OTHER EXPENSES	\$ 64,709	\$ 56,606	\$ 8,103	14.3%

The Operating Partnership's Property Operating Revenues increased by \$39.6 million for the six months ended June 30, 2004 as compared to the 2003 period. Property Operating Revenues increased \$27.3 million attributable to lease up of redeveloped properties and from the acquisitions of 1185 Avenue of the Americas in January 2004 and 1055 Washington Avenue in August 2003. In addition, Property Operating Revenues increased by \$2.6 million from built-in rent increases for existing tenants in our "same store" properties and by a \$5.0 million increase in termination fees. Property Operating Revenues also increased by approximately \$2.8 million due to the reduction in tenant receivable write-offs and to a weighted average occupancy increase in our "same store" properties. Tenant escalations and reimbursements increased \$4.3 million attributable to increased operating expense and real estate tax costs being passed through to tenants as base years for 2002 take effect. These increases were offset by \$800,000 in same space rental rate decreases and \$1.5 million of free rent concessions.

The Operating Partnership's Property Expenses increased by approximately \$16.3 million for the six months ended June 30, 2004 as compared to the 2003 period. The increase is primarily attributable the Operating Partnership's acquisitions of 1185 Avenue of the Americas and 1055 Washington Avenue amounting to approximately \$12.7 million. The remaining increase in Property Expenses is attributable to approximately \$3.6 million in real estate taxes and operating expenses from the Operating Partnership's "same store" properties. Increases in real estate taxes is attributable to the significant increases levied by certain municipalities, particularly in New York City and Nassau County, New York which have experienced fiscal budget issues.

Investment and other income decreased by \$3.2 million or 26.0 % from the six month period ended June 30, 2003 as compared to the same quarterly period of 2004. The decrease is primarily attributable to a decrease in the gain recognized on the Operating Partnership's land sale and build-to-suit transaction of approximately \$5.1 million. This decrease was off-set by net increases in interest income on mortgage notes and notes receivable of approximately \$403,000, net increases in real estate tax recoveries, related to prior periods, of approximately \$600,000 and cost savings achieved by the Operating Partnership's service companies related to the November 2003 restructuring.

Interest expense increased by \$10.0 million or 24.9 % from the six month period ended June 30, 2003 as compared to the same quarterly period of 2004. The increase is attributable to the net increase of \$50 million in the Operating Partnership's senior unsecured notes which resulted in approximately \$ 1.3 million of additional interest expense and approximately \$6.5 million of interest expense incurred on the mortgage debt on 1185 Avenue of the Americas which was acquired in January 2004. In addition, during the six month period ended June 30, 2003, the Operating Partnership allocated approximately \$5.5 million of its interest expense to discontinued operations in accordance with FASB Statement No. 144 with no such allocation in the current period. This allocation resulted in an additional increase in interest expense from continuing operations. These increases were offset by decreases in interest expense of approximately \$691,000 incurred under the Operating Partnership's "same store" mortgage portfolio, in capitalized interest expense of approximately \$326,000 attributable to a decrease in development projects and in interest expense of approximately \$2.3 million incurred under the Operating Partnership's unsecured credit facility as a result of a decrease in the weighted average balance outstanding. The weighted average balance outstanding under the Operating Partnership's unsecured credit facility was \$104.9 million for the six months ended June 30, 2004 as compared to \$303.0 million for the six months ended June 30, 2003.

Marketing, general and administrative expenses decreased by \$1.9 million or 11.8% from the six month period ended June 30, 2003 as compared to the same quarterly period of 2004. This overall decrease is attributable to the efficiencies the Operating Partnership achieved as a result of its November 2003 restructuring and the related termination of certain employees and settlement of the employment contracts of certain former executive officers of the Operating Partnership.

Discontinued operations, net of minority interests, increased by approximately \$2.8 million. This net increase is attributable to the gain on sales of real estate for those properties sold during the current period of approximately \$9.3 million, which was off-set by the decrease of the operations for those properties sold between July 1, 2003 and January 1, 2004.

LIQUIDITY AND CAPITAL RESOURCES

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and non-incremental capital expenditures, excluding incremental capital expenditures of the Operating Partnership. The Operating Partnership expects to meet its short-term liquidity requirements generally through its net cash provided by operating activities along with its unsecured credit facility described below. The credit facility contains several financial covenants with which the Operating Partnership must be in compliance in order to borrow funds thereunder. During recent quarterly periods, the Operating Partnership has incurred significant leasing costs as a result of increased market demands from tenants and high levels of leasing transactions that result from the re-tenanting of scheduled expirations or early terminations of leases. The Operating Partnership is currently experiencing high tenanting costs including tenant improvement costs, leasing commissions and free rent in all of its markets. For the three and six month periods ended June 30, 2004, the Operating Partnership paid \$11.5 million and \$21.6 million, respectively for tenanting costs including tenant improvement costs and leasing commissions. As a result of these and / or other operating factors, the Operating Partnership's cash flow from operating activities was not sufficient to pay 100% of the distributions paid on its common stock. To meet the short-term funding requirements relating to these leasing costs, the Operating Partnership has used proceeds of property sales or borrowings under its credit facility. Based on the Operating Partnership's forecasted leasing for 2004 it anticipates that it will incur similar shortfalls. The Operating Partnership currently intends to fund any shortfalls with proceeds from non-income producing asset sales or borrowings under its credit facility. The Operating Partnership periodically reviews its distribution policy to determine the appropriateness of the Operating Partnership's distribution rate relative to the Operating Partnership's cash flows. The Operating Partnership adjusts its distribution rate based on such factors as leasing activity, market conditions and forecasted increases and decreases in its cash flow as well as required distributions of the Company's taxable income to maintain its status as a REIT. There can be no assurance that the Operating Partnership will maintain the current quarterly distribution level on its common units.

The Operating Partnership expects to meet certain of its financing requirements through long-term secured and unsecured borrowings and the issuance of debt and equity securities of the Operating Partnership. During the six months ended June 30, 2004, the Company issued \$150 million of common equity securities and the Operating Partnership issued \$150 million of senior unsecured debt securities. There can be no assurance that there will be adequate demand for the Operating Partnership's equity at the time or at the price in which the Operating Partnership desires to raise capital through the sale of additional equity. Similarly, there can be no assurance that the Operating Partnership will be able to access the unsecured debt markets at the time when the Operating Partnership desires to sell its unsecured notes. In addition, when valuations for commercial real estate properties are high, the Operating Partnership will seek to sell certain land inventory to realize value and profit created. The Operating Partnership will then seek opportunities to reinvest the capital realized from these dispositions back into value-added assets in the Operating Partnership's core Tri-State Area markets. However, there can be no assurances that the Operating Partnership will be able to identify such opportunities that meet the Operating Partnership's underwriting criteria. The Operating Partnership will refinance existing mortgage indebtedness, senior unsecured notes or indebtedness under its credit facility at maturity or retire such debt through the issuance of additional debt securities or additional equity securities. The Operating Partnership anticipates that the current balance of cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings, equity offerings and proceeds from sales of land and non-income

producing assets, will be adequate to meet the capital and liquidity requirements of the Operating Partnership in both the short and long-term. The Operating Partnership's senior unsecured debt is currently rated "BBB-" by Fitch, "BBB-" by Standard & Poors and "Ba1" by Moody's. The rating agencies review the

ratings assigned to an issuer such as the Operating Partnership on an ongoing basis. Negative changes in the Operating Partnership's ratings would result in increases in the Operating Partnership's borrowing costs, including borrowings under the Operating Partnership's unsecured credit facility.

As a result of current economic conditions, certain tenants have either not renewed their leases upon expiration or have paid the Operating Partnership to terminate their leases. In addition, a number of U.S. companies have filed for protection under federal bankruptcy laws. Certain of these companies are tenants of the Operating Partnership. The Operating Partnership is subject to the risk that other companies that are tenants of the Operating Partnership may file for bankruptcy protection. This may have an adverse impact on the financial results and condition of the Operating Partnership. Our results reflect vacancy rates in our markets that are at the higher end of the range of historical cycles and in some instances our asking rents in our markets have trended lower and landlords have been required to grant greater concessions such as free rent and tenant improvements. Our markets have also been experiencing higher real estate taxes and utility rates. However, our markets have begun to recover as evidenced by an increased level of leasing activity, increased occupancy rates in our portfolio and decreases in vacancy rates in certain of our markets.

The Operating Partnership carries comprehensive liability, fire, extended coverage and rental loss insurance on all of its properties. Six of the Operating Partnership's properties are located in New York City. As a result of the events of September 11, 2001, insurance companies were limiting coverage for acts of terrorism in "all risk" policies. In November 2002, the Terrorism Risk Insurance Act of 2002 was signed into law, which, among other things, requires insurance companies to offer coverage for losses resulting from defined "acts of terrorism" through 2004. The Operating Partnership's current insurance coverage provides for full replacement cost of its properties, including for acts of terrorism up to \$500 million on a per occurrence basis, except for one asset which is insured up to \$393 million.

The potential impact of terrorist attacks in the New York City and Tri-State Area may adversely affect the value of the Operating Partnership's properties and its ability to generate cash flow. As a result, there may be a decrease in demand for office space in metropolitan areas that are considered at risk for future terrorist attacks, and this decrease may reduce the Operating Partnership's revenues from property rentals.

In order to qualify as a REIT for federal income tax purposes, the Company is required to make distributions to its stockholders of at least 90% of REIT taxable income. As a result, it is anticipated that the Operating Partnership will make distributions in amounts sufficient to meet this requirement. The Operating Partnership expects to use its cash flow from operating activities for distributions and for payment of recurring, non-incremental revenue-generating expenditures. The Operating Partnership intends to invest amounts accumulated for distribution in short-term liquid investments.

As of June 30, 2004, the Operating Partnership had a \$500 million unsecured revolving credit facility (the "Credit Facility") from JPMorgan Chase Bank, as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and Citicorp North America, Inc. and Wachovia Bank, National Association, as co-documentation agents. The Credit Facility was scheduled to mature in December 2005, contained options for a one-year extension subject to a fee of 25 basis points and, upon receiving additional lender commitments, increasing the maximum revolving credit amount to \$750 million. As of June 30, 2004, based on a pricing grid of the Operating Partnership's unsecured debt ratings, borrowings under the Credit Facility were priced off LIBOR plus 90 basis points and the Credit Facility carried a facility fee of 20 basis points per annum. In the event of a change in the Operating Partnership's unsecured credit ratings the interest rates and facility fee are subject to change. At June 30, 2004, the outstanding borrowings under the Credit Facility aggregated \$90 million and carried a weighted average interest rate of 2.18%.

On August 6, 2004, the Operating Partnership amended and extended the Credit Facility to mature in August 2007 with similar terms and conditions as existed prior to the amendment and extension.

The Operating Partnership utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At June 30, 2004, the Operating Partnership had availability under the Credit Facility to borrow an additional \$410 million, subject to compliance with certain financial covenants.

In connection with the acquisition of certain properties, contributing partners of such properties have provided guarantees on indebtedness of the Operating Partnership. As a result, the Operating Partnership maintains certain outstanding balances on its Credit Facility.

On August 9, 2004, the Operating Partnership made an advance under its Credit Facility in the amount of \$222.5 million and along with cash-on-hand paid off the \$250 million balance of the mortgage debt on the property located at 1185 Avenue of the Americas in New York City.

On January 22, 2004, the Operating Partnership issued \$150 million of seven-year 5.15% (5.196% effective rate) senior unsecured notes. Prior to the issuance of these senior unsecured notes the Operating Partnership entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes were issued the Operating Partnership incurred a net cost of approximately \$980,000 to settle these instruments. Such costs are being amortized over the term of the senior unsecured notes. During March 2004, the Company also completed an equity offering of 5.5 million shares of its common stock raising approximately \$149.5 million, net of an underwriting discount, or \$27.18 per share. Net proceeds received from these transactions were used to repay

outstanding borrowings under the Credit Facility, repay \$100 million of the Operating Partnership's 7.4% senior unsecured notes and to invest in short-term liquid investments.

On August 10, 2004, the Operating Partnership priced an offering of \$150 million of 5.875% senior unsecured notes due August 15, 2014. Interest on the notes will be payable semi-annually on February 15 and August 15, commencing February 15, 2005. The notes were priced at 99.151% of par value to yield 5.989%. Settlement is scheduled for August 13, 2004. Prior to the issuance of these notes the Operating Partnership entered into several anticipatory interest rate hedge instruments to protect itself against potentially rising interest rates. At the time the notes are issued and these instruments are settled the Company anticipates receiving a benefit of approximately \$1.9 million. Such benefit will be amortized against interest expense over the term of the notes. The Operating Partnership intends to use the net proceeds from this offering to repay a portion of the Credit Facility borrowings used to pay off the outstanding mortgage debt on 1185 Avenue of the Americas.

The Operating Partnership continues to seek opportunities to acquire real estate assets in its markets. The Operating Partnership has historically sought to acquire properties where it could use its real estate expertise to create additional value subsequent to acquisition. As a result of increased market values for the Operating Partnership's commercial real estate assets, the Operating Partnership has sold certain non-core assets or interests in assets where significant value has been created. During 2003, the Operating Partnership sold assets or interests in assets with aggregate sales prices of approximately \$350.6 million. In addition, during the six months ended June 30, 2004, the Operating Partnership has sold assets or interests in assets with aggregate sales prices of approximately \$44.1 million, net of minority partner's joint venture interest. The Operating Partnership used the proceeds from these sales primarily to pay down borrowings under the Credit Facility, for general corporate purposes and to invest in short-term liquid investments until such time as alternative real estate investments can be made.

An OP Unit and a share of common stock have essentially the same economic characteristics as they effectively share equally in the net income or loss and distributions of the Operating Partnership. Subject to certain holding periods, OP Units may either be redeemed for cash or, at the election of the Company, exchanged for shares of common stock of the Company on a one-for-one basis. The OP Units currently receive a quarterly distribution of \$.4246 per unit. As of June 30, 2004, the Operating Partnership had issued and outstanding 3,084,708 Class A OP Units and 465,845 Class C OP Units. The Class C OP Units were issued in August 2003 in connection with the contribution of real property to the Operating Partnership and currently receive a quarterly distribution of \$.4664 per unit.

On November 25, 2003, the Company exchanged all of its 9,915,313 outstanding shares of Class B common stock for an equal number of shares of the Company common stock. The Board of Directors declared a final cash dividend on the Company's Class B common stock to holders of record on November 25, 2003 in the amount of \$.1758 per share which was paid on January 12, 2004. This payment covered the period from November 1, 2003 through November 25, 2003 and was based on the previous quarterly Class B common stock dividend rate of \$.6471 per share. In order to align the regular quarterly dividend payment schedule of the former holders of Class B common stock with the schedule of the holders of common stock for periods subsequent to the exchange date for the Class B common stock, the Board of Directors also declared a cash dividend with regard to the common stock to holders of record on October 14, 2003 in the amount of \$.2585 per share which was paid on January 12, 2004. This payment covered the period from October 1, 2003 through November 25, 2003 and was based on the current quarterly common stock dividend rate of \$.4246 per share. As a result, the Company declared dividends through November 25, 2003 to all holders of common stock and Class B common stock. The Board of Directors also declared the common stock cash dividend for the portion of the fourth quarter subsequent to November 25, 2003. The holders of record of common stock on January 2, 2004, giving effect to the exchange transaction, received a dividend on the common stock in the amount of \$.1661 per share on January 12, 2004. This payment covered the period from November 26, 2003 through December 31, 2003 and was based on the current quarterly common stock dividend rate of \$.4246 per share. In connection with the Company's exchange of its Class B common stock, the Operating Partnership exchanged its Class B common units held by the Company for an equal number of OP Units. Further, with respect to the foregoing declarations on dividends on the Company's common and Class B common stock, the Operating Partnership made distributions on its OP Units and Class B common units in like amounts on the same dates.

During the six month period ended June 30, 2004, approximately 1.3 million shares of the Company's common stock was issued in connection with the exercise of outstanding options to purchase stock under its stock option plans resulting in proceeds to the Operating Partnership of approximately \$27.2 million.

The Board of Directors of the Company authorized the purchase of up to five million shares of the Company's common stock. Transactions conducted on the New York Stock Exchange have, and will continue to be, effected in accordance with the safe harbor provisions of the Securities Exchange Act of 1934 and may be terminated by the Company at any time. Since the Board's initial authorization, the Company has purchased 3,318,600 shares of its common stock for an aggregate purchase price of approximately \$71.3 million. In June 2004, the Board of Directors re-set the Company's common stock repurchase program back to five million shares. No purchases were made during the six months ended June 30, 2004.

The Board of Directors of the Company also formed a pricing committee to consider purchases of up to \$75 million of the Company's outstanding preferred securities.

The Company is currently evaluating the redemption of some or all of its Series A preferred stock. In connection with the Company's redemption, if any, of its Series A preferred stock, the Operating Partnership will redeem an equal number of Series A preferred units.

On June 30, 2004, the Company had issued and outstanding 8,693,900 shares of 7.625% Series A Convertible Cumulative Preferred Stock (the "Series A preferred stock"). The Series A preferred stock is redeemable by the Company on or after April 13, 2004 at a price of \$25.7625 per share with such price decreasing, at annual intervals, to \$25.00 per share on April 13, 2008. In addition, the Series A preferred stock, at the option of the holder, is convertible at any time into the Company's common stock at a price of \$28.51 per share. On May 13, 2004, the Company purchased and retired 140,600 shares of the Series A preferred stock for approximately \$3.4 million or \$24.45 per share. In addition, during July 2004, the Company exchanged 1,350,000 shares of the Series A preferred stock for 1,304,602 shares of its common stock. In connection with the Company purchasing and exchanging its Series A preferred stock, the Operating Partnership purchased and exchanged its Series A preferred units with the Company. As a result of these transactions annual preferred distributions will decrease by approximately \$2.8 million. In accordance with the Emerging Issues Task Force ("EITF") Topic D-42 the Operating Partnership will incur an accounting charge during the third quarter of 2004 of approximately \$3.4 million in connection with the July 2004 exchange of the Company's Series A preferred stock.

On January 1, 2004, the Company had issued and outstanding two million shares of Series B Convertible Cumulative Preferred Stock (the "Series B preferred stock"). The Series B preferred stock was redeemable by the Company as follows: (i) on or after June 3, 2003 to and including June 2, 2004, at \$25.50 per share and (ii) on or after June 3, 2004 and thereafter, at \$25.00 per share. The Series B preferred stock, at the option of the holder, was convertible at any time into the Company's common stock at a price of \$26.05 per share. On January 16, 2004, the Company exercised its option to redeem the two million shares of outstanding Series B preferred stock for approximately 1,958,000 shares of its common stock. In connection with the Company exercising its option to redeem the Series B Preferred Stock, the Operating Partnership redeemed its Series B preferred units with the Company for approximately 1,958,000 OP Units. As a result of this redemption, annual preferred distributions will decrease by approximately \$4.4 million.

On April 1, 2004, the Operating Partnership had issued and outstanding approximately 19,662 preferred units of limited partnership interest with a liquidation preference value of \$1,000 per unit and a current annualized distribution of \$55.60 per unit (the "Preferred Units"). The Preferred Units are held by a third party and were issued in 1998 in connection with the contribution of real property to the Operating Partnership. On April 12, 2004, the Operating Partnership redeemed approximately 3,081 Preferred Units, at the election of the holder, for approximately \$3.1 million, including accrued and unpaid dividends which is being applied to amounts owed from the unit holder under the Other Notes. In addition, during July 2004, the holder of approximately 15,381 of the outstanding Preferred Units exchanged them into OP Units. The Operating Partnership converted the Preferred Units, including accrued and unpaid dividends, into approximately 531,000 OP Units, which were valued at approximately \$14.7 million at the time of the conversion. Subsequent to the conversion, the OP Units were exchanged for an equal number of shares of the Company's common stock. In connection with the July 2004 exchanges and conversions, the preferred unit holder delivered notice to the Operating Partnership of his intent to repay \$15.5 million owed from the unit holder under the Other Notes.

The Operating Partnership's indebtedness at June 30, 2004 totaled approximately \$1.5 billion (including its share of consolidated and unconsolidated joint venture debt and net of minority partners' interests share of consolidated joint venture debt) and was comprised of \$90 million outstanding under the Credit Facility, approximately \$549.1 million of senior unsecured notes and approximately \$833.2 million of mortgage indebtedness. Based on the Operating Partnership's total market capitalization of approximately \$3.7 billion at June 30, 2004 (calculated based on the sum of (i) the market value of the OP Units, assuming conversion (which, for this purpose is based upon the closing price of the Company's common stock on June 30, 2004 of \$27.46 per unit), (ii) the liquidation preference value of the Operating Partnership's preferred units and (iii) the \$1.5 billion of debt), the Operating Partnership's debt represented approximately 40.3% of its total market capitalization.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table sets forth the Operating Partnership's significant consolidated debt obligations, by scheduled principal cash flow payments and maturity date, and its commercial commitments by scheduled maturity at June 30, 2004 (in thousands):

	MATURITY DATE						TOTAL
	2004	2005	2006	2007	2008	THEREAFTER	
Mortgage notes payable (1)	\$ 6,779	\$ 13,887	\$ 13,478	\$ 10,969	\$ 9,989	\$105,178	\$ 160,280
Mortgage notes payable (2) (3)	250,000	18,553	129,920	60,539	---	346,269	805,281
Senior unsecured notes	---	---	---	200,000	---	350,000	550,000
Unsecured credit facility	---	90,000	---	---	---	---	90,000
Land lease obligations (4)	3,737	3,776	3,828	3,753	3,753	78,672	97,519
Operating leases	1,119	1,282	1,198	844	359	---	4,802
Air rights lease obligations	333	333	333	333	333	3,680	5,345
	-----	-----	-----	-----	-----	-----	-----
	\$ 261,968	\$ 127,831	\$ 148,757	\$ 276,438	\$14,434	\$883,799	\$1,713,227
	=====	=====	=====	=====	=====	=====	=====

(1) Scheduled principal amortization payments.

(2) Principal payments due at maturity.

(3) In addition, the Operating Partnership has a 60% interest in an unconsolidated joint venture property. The Operating Partnership's share of the mortgage debt at March 31, 2004 is approximately \$7.6 million. This mortgage note bears interest at 8.85% per annum and matures on September 1, 2005 at which time the Operating Partnership's share of the mortgage debt will be approximately \$6.9 million.

(4) The Operating Partnership leases, pursuant to noncancellable operating leases, the land on which twelve of its buildings were constructed. The leases, certain of which contain renewal options at the direction of the Operating Partnership, expire between 2006 and 2090. The leases either contain provisions for scheduled increases in the minimum rent at specified intervals or for adjustments to rent based upon the fair market value of the underlying land or other indices at specified intervals. Minimum ground rent is recognized on a straight-line basis over the terms of the leases.

Certain of the mortgage notes payable are guaranteed by certain limited partners in the Operating Partnership and/or the Company. In addition, consistent with customary practices in non-recourse lending, certain non-recourse mortgages may be recourse to the Operating Partnership under certain limited circumstances including environmental issues and breaches of material representations.

During August 2004 the mortgage note payable and mezzanine debt, aggregating \$250 million, on the property located at 1185 Avenue of the Americas, New York, NY, matures. On March 19, 2004, the Operating Partnership entered into two anticipatory interest rate hedge instruments which are scheduled to coincide with an August 2004 debt maturity, totaling \$100 million, to protect itself against potentially rising interest rates. At June 30, 2004, the fair value of these instruments exceeded their carrying value by approximately \$5.2 million. Such amount has been reflected as accumulated other comprehensive income with a corresponding increase to prepaid expenses and other assets on the Operating Partnership's balance sheet. On July 1, 2004, the Operating Partnership entered into an additional anticipatory interest rate hedge instrument totaling \$12.5 million to coincide with the aforementioned August 2004 debt maturity.

At June 30, 2004, the Operating Partnership had approximately \$940,000 in outstanding undrawn standby letters of credit issued under the Credit Facility. In addition, approximately \$43.5 million, or 4.5%, of the Operating Partnership's mortgage debt is recourse to the Operating Partnership.

OTHER MATTERS

Seven of the Operating Partnership's office properties which were acquired by the issuance of OP Units are subject to agreements limiting the Operating Partnership's ability to transfer them prior to agreed upon dates without the consent of the limited partner who transferred the respective property to the Operating Partnership. In the event the Operating Partnership transfers any of these properties prior to the expiration of these limitations, the Operating Partnership may be required to make a payment relating to taxes incurred by the limited partner. These limitations expire between 2007 and 2013.

Three of the Operating Partnership's office properties are held in joint ventures which contain certain limitations on transfer. These limitations include requiring the consent of the joint venture partner to transfer a property prior to various specified dates, rights of first offer, and buy / sell provisions.

With the recent appointment of Messrs. Crocker, Steinberg, Ruffle and Ms. McCaul as additional independent directors and the retirement of Mr. Kevenides, the Company's Board of Directors currently consists of seven independent directors and two insiders. Mr. Peter Quick serves as the Lead Director of the Board. In addition, each of the Audit, Compensation and Nominating and Governance Committees is comprised solely of independent directors.

In May 2003, the Company revised its policy with respect to compensation of its independent directors to provide that a substantial portion of the independent director's compensation shall be in the form of common stock of the Company. Such common stock may not be sold until such time as the director is no longer a member of the Company's Board.

Recently, the Company has taken certain additional actions to enhance its corporate governance policies. These actions included opting out of the Maryland Business Combination Statute, de-staggering the Board of Directors to provide that each director is subject to election by shareholders on an annual basis and modifying the Company's "five or fewer" limitation on the ownership of its common stock so that such limitation may only be used to protect the Company's REIT status and not for anti-takeover purposes.

The Company has also adopted a policy which requires that each independent director acquire \$100,000 of common stock of the Company and a policy which requires that at least one independent director be rotated off the Board every three years.

The Company had historically structured long term incentive programs ("LTIP") using restricted stock and stock loans. In July 2002, as a result of certain provisions of the Sarbanes Oxley legislation, the Operating Partnership discontinued the use of stock loans in its LTIP. In connection with LTIP grants made prior to the enactment of the Sarbanes Oxley legislation the Company made stock loans to certain executive and senior officers to purchase 487,500 shares of its common stock at market prices ranging from \$18.44 per share to \$27.13 per share. The stock loans were set to bear interest at the mid-term Applicable Federal Rate and were secured by the shares purchased. Such stock loans (including accrued interest) were scheduled to vest and be ratably forgiven each year on the anniversary of the grant date based upon vesting periods ranging from four to ten years based on continued service and in part on attaining certain annual performance measures. These stock loans had an initial aggregate weighted average vesting period of approximately nine years. As of June 30, 2004, there remains 222,429 shares of common stock subject to the original stock loans which are anticipated to vest between 2005 and 2011. Approximately \$248,000 and \$556,000 of compensation expense was recorded for the three and six month periods ended June 30, 2004, respectively related to these LTIP. Such amount has been included in marketing, general and administrative expenses on the Operating Partnership's consolidated statements of income.

The outstanding stock loan balances due from executive and senior officers aggregated approximately \$4.7 million at June 30, 2004, and have been included as a reduction of additional paid in capital on the Operating Partnership's consolidated balance sheets. Other outstanding loans to executive and senior officers at June 30, 2004 amounted to approximately \$1.9 million primarily related to tax payment advances on stock compensation awards and life insurance contracts made to certain executive and non-executive officers.

In November 2002 and March 2003 an award of rights was granted to certain executive officers of the Company (the "2002 Rights" and "2003 Rights", respectively, and collectively, the "Rights"). Each Right represents the right to receive, upon vesting, one share of common stock if shares are then available for grant under one of the Company's stock option plans or, if shares are not so available, an amount of cash equivalent to the value of such stock on the vesting date. The 2002 Rights will vest in four equal annual installments beginning on November 14, 2003 (and shall be fully vested on November 14, 2006). The 2003 Rights will be earned as of March 13, 2005 and will vest in three equal annual installments beginning on March 13, 2005 (and shall be fully vested on March 13, 2007). Dividends on the shares will be held by the Company until such shares become vested, and will be distributed thereafter to the applicable officer. The 2002 Rights also entitle the holder thereof to cash payments in respect of taxes payable by the holder resulting from the Rights. The 2002 Rights aggregate 62,835 shares of the Company's common stock and the 2003 Rights aggregate 26,042 shares of common stock. As of June 30, 2004, there remains 47,126 shares of common stock related to the 2002 Rights and 26,042 shares of common stock related to the 2003 Rights. During the three and six month periods ended June 30, 2004 the Operating Partnership recorded approximately \$100,000 and \$201,000, respectively compensation expense related to the Rights. Such amount has been included in marketing, general and administrative expenses on the Operating Partnership's consolidated statements of income.

In March 2003, the Company established a new LTIP for its executive and senior officers. The four-year plan has a core award, which provides for annual stock based compensation based upon continued service and in part based on attaining certain annual performance measures. The plan also has a special outperformance award, which provides for compensation to be earned at the end of a four-year period if the Company attains certain four-year cumulative performance measures. Amounts earned under the special outperformance award may be paid in cash or stock at the discretion of the Compensation Committee of the Board. Performance measures are based on total shareholder returns on a relative and absolute basis. On March 13, 2003, the Company made available 827,776 shares of its common stock under one of its existing stock option plans in connection with the core award of this LTIP for eight of its executive and senior officers. On March 13, 2004, the Company met its annual performance measure with respect to the prior annual period. As a result, the Company issued to the participants 206,944 shares of its common stock related to the core component of this LTIP. As of June 30, 2004, there remains 620,832 shares of common stock reserved for future issuance under the core award of this LTIP. With respect to the core award of this LTIP, the Operating Partnership recorded approximately \$699,000 and \$1.4 million of compensation expense for the three and six month periods ended June 30, 2004, respectively. Such amount has been included in marketing, general and administrative expenses on the Operating Partnership's consolidated statements of income. Further, no provision will be made for the special outperformance award of this LTIP until such time as achieving the requisite performance measures is determined to be probable.

Under various Federal, state and local laws, ordinances and regulations, an owner of real estate is liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition, or in the event of renovation or demolition. Such laws impose liability for release of ACMs into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the ownership (direct or indirect), operation, management and development of real properties, the Operating Partnership may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property.

All of the Operating Partnership's office and industrial / R&D properties have been subjected to a Phase I or similar environmental audit after April 1, 1994 (which involved general inspections without soil sampling, ground water analysis or radon testing and, for the Operating Partnership's properties constructed in 1978 or earlier, survey inspections to ascertain the existence of ACMs were conducted) completed by independent environmental consultant companies (except for 35 Pinelawn Road which was originally developed by Reckson Associates, the predecessor to the Operating Partnership, and subjected to a Phase 1 in April 1992). These environmental audits have not revealed any environmental liability that would have a material adverse effect on the Operating Partnership's business.

Soil, sediment and groundwater contamination, consisting of volatile organic compounds ("VOCs") and metals, has been identified at the property at 32 Windsor Place, Central Islip, New York. The contamination is associated with industrial activities conducted by a tenant at the property over a number of years. The contamination, which was identified through an environmental investigation conducted on behalf of the Operating Partnership, has been reported to the New York State Department of Environmental Conservation. The Operating Partnership has notified the tenant of the findings and has demanded that the tenant take appropriate actions to fully investigate and remediate the contamination. Under applicable environmental laws, both the tenant and the Operating Partnership are liable for the cost of investigation and remediation. The Operating Partnership does not believe that the cost of investigation and remediation will be material and the Operating Partnership has recourse against the tenant. However, there can be no assurance that the Operating Partnership will not incur liability that would have a material adverse effect on the Operating Partnership's business.

In March 2004, the Operating Partnership received notification from the Internal Revenue Service indicating that they have selected the 2001 tax return of the Operating Partnership for examination. The examination process is currently on going.

FUNDS FROM OPERATIONS

Management believes that Funds from Operations ("FFO") is a widely recognized and appropriate measure of performance of an equity REIT. Although FFO is a non-GAAP financial measure, the Operating Partnership believes it provides useful information to the Company's shareholders, potential investors and management. The Operating Partnership computes FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is defined by NAREIT as net income or loss, excluding gains or losses from sales of depreciable properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with GAAP and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of the Operating Partnership's operating performance or as an alternative to cash flow as a measure of liquidity.

Since all companies and analysts do not calculate FFO in a similar fashion, the Operating Partnership's calculation of FFO presented herein may not be comparable to similarly titled measures as reported by other companies.

The following table presents the Operating Partnership's FFO calculation (unaudited and in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net income allocable to common unit holders	\$ 13,744	\$ 8,459	\$ 30,644	\$ 18,118
Adjustments for basic funds from operations:				
Add:				
Real estate depreciation and amortization	28,854	29,127	57,411	60,454
Minority partners' interests in consolidated partnerships	6,811	4,335	13,136	9,025
Less:				
Gain on sales of depreciable real estate.....	6,174	--	11,330	--
Amounts distributable to minority partners in consolidated partnerships	6,411	6,769	14,915	13,576
Funds From Operations ("FFO")	\$ 36,824	\$ 35,152	\$ 74,946	\$ 74,021
Weighted average units outstanding	70,443	65,192	67,679	65,292

INFLATION

The office leases generally provide for fixed base rent increases or indexed escalations. In addition, the office leases provide for separate escalations of real estate taxes, operating expenses and electric costs over a base amount. The industrial / R&D leases generally provide for fixed base rent increases, direct pass through of certain operating expenses and separate real estate tax escalations over a base amount. The Operating Partnership believes that inflationary increases in expenses will be offset by contractual rent increases and expense escalations described above. As a result of the impact of the events of September 11, 2001, the Operating Partnership has realized increased insurance costs, particularly relating to property and terrorism insurance, and security costs. The Operating Partnership has included these costs as part of its escalatable expenses. The Operating Partnership has billed these escalatable expense items to its tenants consistent with the terms of the underlying leases and believes they are collectible. To the extent the Operating Partnership's properties contain vacant space, the Operating Partnership will bear such inflationary increases in expenses.

The Credit Facility, \$250 million of the Operating Partnership's mortgage notes payable and the Mezz Note, bear interest at variable rates, which will be influenced by changes in short-term interest rates, and are sensitive to inflation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary market risk facing the Operating Partnership is interest rate risk on its long term debt, mortgage notes and notes receivable. The Operating Partnership will, when advantageous, hedge its interest rate risk using financial instruments. The Operating Partnership is not subject to foreign currency risk.

The Operating Partnership manages its exposure to interest rate risk on its variable rate indebtedness by borrowing on a short-term basis under its Credit Facility until such time as it is able to retire the short-term variable rate debt with either a long-term fixed rate debt offering, long term mortgage debt, equity offerings or through sales or partial sales of assets.

The Operating Partnership will recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges will be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. On March 19, 2004, the Operating Partnership entered into two anticipatory interest rate hedge instruments which are scheduled to coincide with an August 2004 debt maturity, totaling \$100 million, to protect itself against potentially rising interest rates. At June 30, 2004, the fair value of these instruments exceeded their carrying value by approximately \$5.2 million. On July 1, 2004, the Operating Partnership entered into an additional anticipatory interest rate hedge instrument totaling \$12.5 million to coincide with the aforementioned August 2004 debt maturity.

The fair market value ("FMV") of the Operating Partnership's long term debt, mortgage notes and notes receivable is estimated based on discounting future cash flows at interest rates that management believes reflect the risks associated with long term debt, mortgage notes and notes receivable of similar risk and duration.

The following table sets forth the Operating Partnership's long-term debt obligations by scheduled principal cash flow payments and maturity date, weighted average interest rates and estimated FMV at June 30, 2004 (dollars in thousands):

	For the Year Ended December 31,							Total (1)	FMV
	2004	2005	2006	2007	2008	Thereafter			
Long term debt:									
Fixed rate	\$ 6,779	\$ 32,440	\$ 143,398	\$ 271,508	\$ 9,989	\$ 801,447	\$ 1,265,561	\$1,340,918	
Weighted average interest rate	7.47%	6.90%	7.37%	7.14%	7.23%	7.40%	7.33%		
Variable rate	\$ 250,000	\$ 90,000	\$ --	\$ --	\$ --	\$ --	\$ 340,000	\$ 340,000	
Weighted average interest rate	4.95%	2.18%	--	--	--	--	4.22%		

(1) Includes aggregate unamortized issuance discounts of approximately \$868,000 on certain of the senior unsecured notes which are due at maturity.

In addition, a one percent increase in the LIBOR rate would have a \$900,000 annual increase in interest expense on the \$90 million of variable rate debt due in 2005. A one percent increase in LIBOR would have no impact to interest expense on the \$250 million of variable rate debt due in 2004, as interest reported in the current period is calculated using a LIBOR rate in excess of one percent over the LIBOR rate at June 30, 2004.

The following table sets forth the Operating Partnership's mortgage notes and note receivables by scheduled maturity date, weighted average interest rates and estimated FMV at June 30, 2004 (dollars in thousands):

	For the Year Ended December 31,							Total (1)	FMV
	2004	2005	2006	2007	2008	Thereafter			
Mortgage notes and notes receivable:									
Fixed rate	\$ 19,000	\$ --	\$ --	\$ 16,990	\$ --	\$ --	\$ 35,990	\$ 39,239	
Weighted average interest rate	10.70%	--	--	12.00%	--	--	11.31%		
Variable rate	\$ --	\$ 30,000	\$ --	\$ --	\$ --	\$ --	\$ 30,000	\$ 30,000	
Weighted average interest rate	--	12.73%	--	--	--	--	12.73%		

(1) Excludes interest receivables and unamortized acquisition costs aggregating approximately \$2.4 million dollars.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is reported within the time periods specified in the SEC's rules and forms. In this regard, the Operating Partnership has formed a Disclosure Committee currently comprised of all of the Company's executive officers as well as certain other employees with knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed by the Operating Partnership with the SEC and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Operating Partnership's SEC reports. The Committee meets regularly and reports to the Audit Committee on a quarterly or more frequent basis. The Company's Chief Executive Officer and Chief Financial Officer have evaluated, with the participation of the Operating Partnership's management, our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon the evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

SELECTED PORTFOLIO INFORMATION

The following table sets forth the Operating Partnership's schedule of its top 25 tenants based on base rental revenue as of June 30, 2004:

TENANT NAME (1) (2)	WTD. AVG. TERM REMAINING (YEARS)	TOTAL SQUARE FEET	PERCENT OF PRO-RATA SHARE OF ANNUALIZED BASE RENTAL REVENUE	PERCENT OF CONSOLIDATED ANNUALIZED BASE RENTAL REVENUE
*Debevoise & Plimpton	17.5	465,420	3.3%	5.6%
King & Spalding	7.8	176,204	2.3%	2.0%
*Verizon Communications Inc.	2.7	263,569	1.9%	1.7%
*American Express	9.2	129,818	1.9%	1.7%
*Schulte Roth & Zabel	16.4	279,746	1.6%	2.7%
*Fuji Photo Film USA	8.4	186,484	1.3%	1.2%
Dun & Bradstreet Corp.	8.3	123,000	1.2%	1.0%
United Distillers	0.7	137,918	1.2%	1.0%
*Bank of America/Fleet Bank	6.7	125,903	1.2%	1.0%
*WorldCom/MCI	2.6	244,730	1.1%	1.1%
Arrow Electronics	9.5	163,762	1.1%	1.0%
Amerada Hess Corporation	8.5	127,300	1.1%	1.0%
T.D. Waterhouse	3.1	103,381	1.0%	0.9%
Westdeutsche Landesbank	11.8	53,000	1.0%	0.9%
D.E. Shaw	11.5	79,515	0.9%	0.8%
Practicing Law Institute	9.7	77,500	0.9%	0.8%
*Banque Nationale De Paris	12.1	145,834	0.9%	1.5%
North Fork Bank	11.5	126,770	0.9%	0.8%
Vytra Healthcare	3.5	105,613	0.9%	0.8%
*Kramer Levin Nessen Kamin	0.8	158,144	0.9%	1.5%
Heller Ehrman White	0.9	64,526	0.9%	0.7%
P.R. Newswire Associates	3.9	67,000	0.8%	0.7%
*JP Morgan Chase/ Bank One	5.6	87,737	0.8%	0.8%
*HQ Global	4.3	126,487	0.8%	0.8%
Laboratory Corp. Of America	2.9	108,000	0.8%	0.7%

(1) Ranked by pro-rata share of annualized base rental revenue adjusted for pro rata share of joint venture interests.

(2) Excludes One Orlando Centre in Orlando, Florida.

* Part or all of space occupied by tenant is in a 51% or more owned joint venture building.

HISTORICAL NON-INCREMENTAL REVENUE-GENERATING CAPITAL EXPENDITURES, TENANT IMPROVEMENT COSTS AND LEASING COMMISSIONS

The following table sets forth annual and per square foot non-incremental revenue-generating capital expenditures in which the Operating Partnership paid or accrued, during the respective periods, to retain revenues attributable to existing leased space (at 100% of cost) for the years 2000 through 2003 and for the six month period ended June 30, 2004 for the Operating Partnership's consolidated office and industrial / R&D properties other than One Orlando Center in Orlando, FL:

	2000	2001	2002	2003	Average 2000-2003	YTD 2004
Suburban Office Properties						
Total	\$ 3,289,116	\$ 4,606,069	\$ 5,283,674	\$ 6,791,336	\$ 4,992,549	\$ 2,835,587
Per Square Foot	\$ 0.33	\$ 0.45	\$ 0.53	\$ 0.67	\$ 0.49	\$ 0.28
NYC Office Properties						
Total	\$ 946,718	\$ 1,584,501	\$ 1,939,111	\$ 1,922,209	\$ 1,598,135	\$ 1,210,758
Per Square Foot	\$ 0.38	\$ 0.45	\$ 0.56	\$ 0.55	\$ 0.48	\$ 0.27
Industrial Properties						
Total	\$ 813,431	\$ 711,666	\$ 1,881,627	\$ 1,218,401 (1)	\$ 1,156,281	\$ 22,923
Per Square Foot	\$ 0.11	\$ 0.11	\$ 0.28	\$ 0.23	\$ 0.18	\$ 0.02
TOTAL PORTFOLIO						
Total	\$ 5,049,265	\$ 6,902,236	\$ 9,104,412	\$ 9,931,946	\$ 7,746,965	\$ 4,069,268
Per Square Foot	\$ 0.25	\$ 0.34	\$ 0.45	\$ 0.52	\$ 0.39	\$ 0.26

(1) Excludes non-incremental capital expenditures of \$435,140 incurred during the fourth quarter 2003 for the industrial properties which were sold during the period.

The following table sets forth annual and per square foot non-incremental revenue-generating tenant improvement costs and leasing commissions in which the Operating Partnership committed to perform, during the respective periods, to retain revenues attributable to existing leased space for the years 2000 through 2003 and for the six month period ended June 30, 2004 for the Operating Partnership's consolidated office and industrial / R&D properties other than One Orlando Center in Orlando, FL:

	2000	2001	2002	2003	2000-2003	2004 (1)	Average New	YTD Renewal
Long Island								
Office Properties								
Tenant Improvements	\$2,853,706	\$2,722,457	\$1,917,466	\$3,774,722	\$2,817,088	\$2,394,114	\$1,327,529	\$1,066,585
Per Square Foot Improved	\$ 6.99	\$ 8.47	\$ 7.81	\$ 7.05	\$ 7.58	\$ 9.05	\$ 12.67	\$ 6.67
Leasing Commissions	\$2,208,604	\$1,444,412	\$1,026,970	\$2,623,245	\$1,825,808	\$1,333,976	\$529,537	\$804,439
Per Square Foot Leased	\$ 4.96	\$ 4.49	\$ 4.18	\$ 4.90	\$ 4.63	\$ 5.04	\$ 5.05	\$ 5.03
Total Per Square Foot	\$ 11.95	\$ 12.96	\$ 11.99	\$ 11.95	\$ 12.21	\$ 14.09	\$ 17.72	\$ 11.70
Westchester								
Office Properties								
Tenant Improvements	\$1,860,027	\$2,584,728	\$6,391,589(2)	\$3,732,370	\$3,642,178	\$4,937,356	\$4,216,913	\$720,443
Per Square Foot Improved	\$ 5.72	\$ 5.91	\$ 15.05	\$ 15.98	\$ 10.66	\$ 14.64	\$ 21.48	\$ 5.12
Leasing Commissions	\$412,226	\$1,263,012	\$1,975,850(2)	\$917,487	\$1,142,144	\$2,003,752	\$1,571,958	\$431,794
Per Square Foot Leased	\$ 3.00	\$ 2.89	\$ 4.65	\$ 3.93	\$ 3.62	\$ 5.94	\$ 8.01	\$ 3.07
Total Per Square Foot	\$ 8.72	\$ 8.80	\$ 19.70	\$ 19.91	\$ 14.28	\$ 20.58	\$ 29.49	\$ 8.19
Connecticut								
Office Properties								
Tenant Improvements	\$385,531	\$213,909	\$491,435	\$588,087	\$419,740	\$2,400,708	\$1,047,111	\$1,353,597
Per Square Foot Improved	\$ 4.19	\$ 1.46	\$ 3.81	\$ 8.44	\$ 4.47	\$ 14.13	\$ 29.54	\$ 10.06
Leasing Commissions	\$453,435	\$209,322	\$307,023	\$511,360	\$370,285	\$1,382,615	\$347,634	\$1,034,981
Per Square Foot Leased	\$ 4.92	\$ 1.43	\$ 2.38	\$ 7.34	\$ 4.02	\$ 8.14	\$ 9.81	\$ 7.69
Total Per Square Foot	\$ 9.11	\$ 2.89	\$ 6.19	\$ 15.78	\$ 8.49	\$ 22.27	\$ 39.35	\$ 17.75
New Jersey								
Office Properties								
Tenant Improvements	\$1,580,323	\$1,146,385	\$2,842,521	\$4,327,295	\$2,474,131	\$710,890	\$665,124	\$45,766
Per Square Foot Improved	\$ 6.71	\$ 2.92	\$ 10.76	\$ 11.57	\$ 7.99	\$ 7.50	\$ 13.42	\$ 1.01
Leasing Commissions	\$1,031,950	\$1,602,962	\$1,037,012	\$1,892,635	\$1,391,140	\$252,534	\$232,829	\$19,705
Per Square Foot Leased	\$ 4.44	\$ 4.08	\$ 3.92	\$ 5.06	\$ 4.38	\$ 2.66	\$ 4.70	\$ 0.44
Total Per Square Foot	\$ 11.15	\$ 7.00	\$ 14.68	\$ 16.63	\$ 12.37	\$ 10.16	\$ 18.12	\$ 1.45
New York City								
Office Properties								
Tenant Improvements	\$65,267	\$788,930	\$4,350,106	\$5,810,017(3)	\$2,753,580	\$3,497,494(4)	\$2,393,044	\$1,104,450(4)
Per Square Foot Improved	\$ 1.79	\$ 15.69	\$ 18.39	\$ 32.84	\$ 17.18	\$ 21.01	\$ 27.11	\$ 14.12
Leasing Commissions	\$418,185	\$1,098,829	\$2,019,837	\$2,950,330(3)	\$1,621,795	\$1,041,336(4)	\$470,445	\$570,891(4)
Per Square Foot Leased	\$ 11.50	\$ 21.86	\$ 8.54	\$ 16.68	\$ 14.64	\$ 6.25	\$ 5.33	\$ 7.30
Total Per Square Foot	\$ 13.29	\$ 37.55	\$ 26.93	\$ 49.52	\$ 31.82	\$ 27.26	\$ 32.44	\$ 21.42
Industrial Properties								
Tenant Improvements	\$650,216	\$1,366,488	\$1,850,812	\$1,249,200	\$1,279,179	\$205,104	\$157,661	\$47,443
Per Square Foot Improved	\$ 0.95	\$ 1.65	\$ 1.97	\$ 2.42	\$ 1.75	\$ 2.11	\$ 1.73	\$ 7.46
Leasing Commissions	\$436,506	\$354,572	\$890,688	\$574,256	\$564,005	\$225,539	\$225,539	\$0
Per Square Foot Leased	\$ 0.64	\$ 0.43	\$ 0.95	\$ 1.11	\$ 0.78	\$ 2.32	\$ 2.48	\$ 0.00
Total Per Square Foot	\$ 1.59	\$ 2.08	\$ 2.92	\$ 3.53	\$ 2.53	\$ 4.43	\$ 4.21	\$ 7.46
TOTAL PORTFOLIO								
Tenant Improvements	\$7,395,070	\$8,822,897	\$17,843,929	\$19,481,691	\$13,385,896	\$14,145,666	\$9,807,382	\$4,338,284
Per Square Foot Improved	\$ 4.15	\$ 4.05	\$ 7.96	\$ 10.22	\$ 6.66	\$ 12.51	\$ 17.35	\$ 7.68
Leasing Commissions	\$4,960,906	\$5,973,109	\$7,257,380	\$9,469,313	\$6,915,177	\$6,239,752	\$3,377,942	\$2,861,810
Per Square Foot Leased	\$ 3.05	\$ 2.75	\$ 3.24	\$ 4.97	\$ 3.54	\$ 5.52	\$ 5.97	\$ 5.07
Total Per Square Foot	\$ 7.20	\$ 6.80	\$ 11.20	\$ 15.19	\$ 10.20	\$ 18.03	\$ 23.32	\$ 12.75

(1) Excludes \$2.8 million of deferred leasing costs attributable to space marketed but not yet leased.

(2) Excludes tenant improvements and leasing commissions related to a 163,880 square foot leasing transaction with Fuji Photo Film U.S.A. Leasing commissions on this transaction amounted to \$5.33 per square foot and tenant improvement allowance amounted to \$40.88 per square foot.

(3) Excludes \$5.8 million of tenant improvements and \$2.2 million of leasing commissions related to a new 121,108 square foot lease to Debevoise with a lease commencement date in 2005. Also excludes tenant improvements of \$0.2 million for Sandler O'Neil & Partners (7,446 SF) for expansion space with

a lease commencement date in 2004.

- (4) Excludes 86,800 square foot Westpoint Stevens early renewal. There were no tenant improvement or leasing costs associated with this transaction. Also excludes \$1.4 million of tenant improvements and \$1.2 million of leasing commissions related to a 74,293 square foot lease to Harper Collins Publishers with a lease commencement date in 2006.

The following table sets forth the Operating Partnership's lease expiration table, as adjusted for pre-leased space, at July 1, 2004 for its Total Portfolio of properties, its Office Portfolio and its Industrial / R&D Portfolio:

TOTAL PORTFOLIO (1)				
Year of Expiration	Number of Leases Expiring	Square Feet Expiring	% of Total Portfolio Sq Ft	Cumulative % of Total Portfolio Sq Ft
2004	92	545,148	3.5%	3.5%
2005	185	1,523,110	9.9%	13.4%
2006	184	1,692,820	11.0%	24.4%
2007	109	1,140,838	7.4%	31.8%
2008	109	959,655	6.2%	38.1%
2009	102	1,131,680	7.4%	45.4%
2010 and thereafter	315	7,327,050	47.6%	93.0%
Total/Weighted Average	1,096	14,320,301	93.0%	
Total Portfolio Square Feet		15,396,244		

OFFICE PORTFOLIO (1)				
Year of Expiration	Number of Leases Expiring	Square Feet Expiring	% of Total Office Sq Ft	Cumulative % of Total Portfolio Sq Ft
2004	89	513,528	3.6%	3.6%
2005	182	1,383,960	9.6%	13.1%
2006	180	1,595,854	11.1%	24.2%
2007	105	1,071,346	7.4%	31.6%
2008	106	916,812	6.3%	38.0%
2009	101	1,086,699	7.5%	45.5%
2010 and thereafter	310	6,981,186	48.3%	93.8%
Total/Weighted Average	1,073	13,549,385	93.8%	
Total Office Portfolio Square Feet		14,440,849		

INDUSTRIAL/R&D PORTFOLIO				
Year of Expiration	Number of Leases Expiring	Square Feet Expiring	% of Total Industrial/R&D Sq Ft	Cumulative % of Total Portfolio Sq Ft
2004	3	31,620	3.3%	3.3%
2005	3	139,150	14.6%	17.9%
2006	4	96,966	10.1%	28.0%
2007	4	69,492	7.3%	35.3%
2008	3	42,843	4.5%	39.8%
2009	1	44,981	4.7%	44.5%
2010 and thereafter	5	345,864	36.2%	80.7%
Total/Weighted Average	23	770,916	80.7%	
Total Industrial/R&D Portfolio Square Feet		955,395		

(1) Excludes One Orlando Centre in Orlando, Florida

The following table sets forth the Operating Partnership's components of its paid or accrued non-incremental and incremental revenue-generating capital expenditures, tenant improvements and leasing costs for the periods presented as reported on its "Statements of Cash Flows - Investment Activities" contained in its consolidated financial statements (in thousands):

	SIX MONTHS ENDED JUNE 30,	
	2004	2003
	-----	-----
Capital expenditures:		
Non-incremental	\$ 4,069	\$ 4,297
Incremental	1,085	899
Tenant improvements:		
Non-incremental	9,671	19,901
Incremental	2,976	52
	-----	-----
Additions to commercial real estate properties	\$ 17,801	\$ 25,149
	=====	=====
Leasing costs:		
Non-incremental	\$ 6,764	\$ 6,554
Incremental	1,913	2,211
	-----	-----
Payment of deferred leasing costs	\$ 8,677	\$ 8,765
	=====	=====
Acquisition and development costs	\$ 335,668	\$ 16,237
	=====	=====

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A number of shareholder derivative actions have been commenced purportedly on behalf of the Operating Partnership against the Board of Directors in the Supreme Court of the State of New York, County of Nassau (Lowinger v. Rechler et al., Index No. 01 4162/03 (9/16/03)), the Supreme Court of the State of New York, County of Suffolk (Steiner v. Rechler et al., Index No. 03 32545 (10/2/03)) and Lighter v. Rechler et al., Index No. 03 23593 (10/3/03)), the United States District Court, Eastern District of New York (Tucker v. Rechler et al., Case No. cv 03 4917 (9/26/03)), Clinton Charter Township Police and Fire Retirement System v. Rechler et al., Case No. cv 03 5008 (10/1/03) and Teachers' Retirement System of Louisiana v. Rechler et al., Case No. cv 03 5178 (10/14/03)) and the Circuit Court for Baltimore County (Sekuk Global Enterprises Profit Sharing Plan v. Rechler et al., Civil No. 24-C- 03007496 (10/16/03), Hoffman v. Rechler et al., 24-C-03-007876 (10/27/03) and Chirko v. Rechler et al., 24-C-03-008010 (10/30/03)), relating to the sale of the Long Island Industrial Portfolio to certain members of the Rechler family. The complaints allege, among other things, that the process by which the directors agreed to the transaction was not sufficiently independent of the Rechler family and did not involve a "market check" or third party auction process and as a result was not for adequate consideration. The Plaintiffs seek similar relief, including a declaration that the directors violated their fiduciary duties, an injunction against the transaction and damages. The Operating Partnership believes that complaints are without merit.

Kramer Levin Naftalis & Frankel commenced an action against Metropolitan 919 3rd Avenue LLC in the Supreme Court of the State of New York, County of New York (Kramer Levin Naftalis & Frankel LLP v. Metropolitan 919 3rd Avenue LLC, Index No. 604512/2002 (12/16/02)) relating to alleged overcharges of approximately \$700,000 with respect to its lease at 919 3rd Avenue, New York, NY. Such overcharges were primarily incurred during the period prior to the Operating Partnership's ownership of the property. Subsequent to the filing of the complaint, the parties agreed to pursue private mediation. As of May 2004, the mediation effort was discontinued and the parties have resumed litigation. The Operating Partnership believes that the complaint is without merit.

Except as provided above, the Operating Partnership is not presently subject to any material litigation nor, to the Operating Partnership's knowledge, is any litigation threatened against the Operating Partnership, other than routine actions for negligence or other claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on the liquidity, results of operations or business or financial condition of the Operating Partnership.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities- None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Securities Holders - None

Item 5. Other information

- a) None
- b) There have been no material changes to the procedures by which stockholders may recommend nominees to the Company's Board of Directors.

Item 6. Exhibits and Reports on Form 8-K

- a) Exhibits
 - 10.1 Third amended and restated credit agreement dated August 6, 2004 between Reckson Operating Partnership, L.P., as Borrower and the institutions from time to time party thereto as Lenders.
 - 31.1 Certification of Scott H. Rechler, Chief Executive Officer and President of Reckson Associates Realty Corp., the sole general partner of the Registrant, pursuant to Rule 13a - 14(a) or Rule 15(d) - 14(a).
 - 31.2 Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of Reckson Associates Realty Corp., the sole general partner of the Registrant, pursuant to Rule 13a - 14(a) or Rule 15(d) - 14(a).
 - 32.1 Certification of Scott H. Rechler, Chief Executive Officer and President of Reckson Associates Realty Corp., the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
 - 32.2 Certification of Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of Reckson Associates Realty Corp., the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
- b) During the three months ended June 30, 2004, the Registrant filed the following reports on Form 8-K:
 - On May 6, 2004, the Registrant submitted a report on Form 8-K under

Items 7 and 12 thereof in order to file a press release announcing the Company's consolidated financial results for the quarter ended March 31, 2004.

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 hereunto duly authorized.

RECKSON OPERATING PARTNERSHIP, L.P.

By: /s/ Scott H. Rechler

By: /s/ Michael Maturo

Scott H. Rechler, Chief Executive
Officer and President

Michael Maturo, Executive
Vice President, Treasurer and
Chief Financial Officer

DATE: August 9, 2004

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF AUGUST 6, 2004

AMONG

RECKSON OPERATING PARTNERSHIP, L.P.

THE INSTITUTIONS FROM TIME TO TIME
PARTY HERETO AS LENDERS

AND

JPMORGAN CHASE BANK,
AS ADMINISTRATIVE AGENT

WITH

WELLS FARGO BANK, NATIONAL ASSOCIATION,
AS SYNDICATION AGENTCITICORP NORTH AMERICA, INC.,
WACHOVIA BANK, NATIONAL ASSOCIATION,
AND
DEUTSCHE BANK TRUST COMPANY AMERICAS, INC.,
AS CO-DOCUMENTATION AGENTSKEYBANK, NATIONAL ASSOCIATION,
THE BANK OF NEW YORK,
THE BANK OF NOVA SCOTIA,
ING REAL ESTATE FINANCE (USA) LLC,
AND
PNC BANK, NATIONAL ASSOCIATION,
AS CO-AGENTS

AND

J.P. MORGAN SECURITIES INC.
AND
CITIGROUP GLOBAL MARKETS INC.,
AS CO-LEAD ARRANGERS AND JOINT BOOKRUNNERS

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Schedule 7.1-Q	ERISA Matters
Schedule 7.1-R	Securities Activities
Schedule 7.1-T	Insurance Policies

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This Third Amended and Restated Credit Agreement dated as of August 6, 2004 (as amended, supplemented or modified from time to time, the "AGREEMENT") is entered into among RECKSON OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("RECKSON"), the institutions from time to time a party hereto as Lenders, whether by execution of this Agreement or an Assignment and Acceptance, JPMORGAN CHASE BANK, as Administrative Agent, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agent, CITICORP NORTH AMERICA, INC., WACHOVIA BANK, NATIONAL ASSOCIATION, and DEUTSCHE BANK TRUST COMPANY AMERICAS, INC., as Co-Documentation Agents, KEYBANK, NATIONAL ASSOCIATION, THE BANK OF NEW YORK, THE BANK OF NOVA SCOTIA, ING REAL ESTATE FINANCE (USA) LLC, and PNC BANK, NATIONAL ASSOCIATION, as Co-Agents (the "CO-AGENTS"), and J.P. MORGAN SECURITIES INC. and CITIGROUP GLOBAL MARKETS INC. as Co-Lead Arrangers and Joint Bookrunners.

RECITALS

WHEREAS, Reckson, an affiliate of Reckson, JPMorgan and certain of the Lenders entered into that certain Credit Agreement dated as of July 23, 1998, as amended by First Amendment to Credit Agreement dated as of August 31, 1999 and as amended by Second Amendment to Credit Agreement dated as of September 27, 1999, (as so amended, the "ORIGINAL REVOLVING CREDIT AGREEMENT");

WHEREAS, Reckson, an affiliate of Reckson, JPMorgan, and certain of the Lenders entered into that certain Amended and Restated Credit Agreement dated as of January 12, 1999, as amended by First Amendment to Amended and Restated Credit Agreement dated as of September 27, 1999 and as amended by Second Amended and Restated Credit Agreement dated as of December 17, 1999 (as so amended, the "ORIGINAL TERM LOAN AGREEMENT");

WHEREAS, Reckson, JPMorgan and certain other parties entered into that certain Amended and Restated Credit Agreement dated as of September 7, 2000 (the "2000 CREDIT AGREEMENT") pursuant to which they amended and restated the Original Revolving Credit Agreement in its entirety and terminated the Original Term Loan Agreement;

WHEREAS, Reckson, JPMorgan and certain other parties entered into that certain Second Amended and Restated Credit Agreement dated as of December 30, 2002 (the "2002 CREDIT AGREEMENT") pursuant to which they amended and restated the 2000 Credit Agreement in its entirety; and

WHEREAS, Reckson, JPMorgan and the other parties hereto wish to extend, amend and restate the 2002 Credit Agreement in its entirety in accordance with the terms and provisions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

1.1. CERTAIN DEFINED TERMS. The following terms used in this Agreement shall have the following meanings, applicable both to the singular and the plural forms of the terms defined:

"ADJUSTED UNENCUMBERED NOI" means, for the prior calendar quarter, the sum of (i) NOI from the Consolidated Businesses attributable to Unencumbered Projects and Unencumbered New York City Assets which are wholly-owned or ground-leased by a Consolidated Business; plus (ii) the Borrower's pro rata share of NOI from Joint Ventures attributable to Unencumbered Projects and Unencumbered New York City Assets in which the Borrower's beneficial economic interest in such Joint Ventures is 51% or greater, provided the sale or financing of any Property owned or ground-leased by such Joint Venture is substantially controlled by the Borrower, subject to customary provisions set forth in the organizational documents of such Joint Venture with respect to financings, sales or rights of first refusal granted to other members of such Joint Venture; plus (iii) the Borrower's pro rata share of NOI from Joint Ventures attributable to Unencumbered Projects and Unencumbered New York City Assets in which the Borrower's beneficial economic interest is less than 51%, provided that a majority of the beneficial economic interests in such Joint Ventures that is not owned by the Consolidated Businesses is owned or controlled by Qualified Joint Venture Partners; plus (iv) the Borrower's pro rata share of Net Income attributable to other Unencumbered assets including Performing Notes (exclusive of Investment Funds, land and development, and service company income); plus (v) NOI from Eligible Encumbered Properties; LESS (vi) the quotient of Capital Expenditure Coverage Reserve Amounts for such period relating to such Unencumbered assets and Eligible Encumbered Properties, divided by four (4);

PROVIDED, clause (ii) above shall not exceed twenty percent (20%) of Adjusted Unencumbered NOI; clause (iii) above shall not exceed five percent (5%) of Adjusted Unencumbered NOI; and clause (iv) above shall not exceed fifteen percent (15%) of Adjusted Unencumbered NOI.

"ADMINISTRATIVE AGENT" means JPMorgan, in its capacity as administrative agent for the Lenders.

"AFFILIATE", as applied to any Person, means any other Person that directly or indirectly controls, is controlled by, or is under common control with, that Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the equity Securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting equity Securities or by contract or otherwise.

"AGENTS" means, collectively, JPMorgan in its capacity as Administrative Agent, Wells Fargo Bank, National Association, in its capacity as Syndication Agent, Citicorp North America, Inc., Wachovia Bank, National Association and Deutsche Bank Trust Company Americas, Inc., in their capacities as Co-Documentation Agents, KeyBank, National Association, The Bank of New York, The Bank of Nova Scotia, ING Real Estate Finance (USA) LLC, and PNC Bank, National Association, in their capacities as Co-Agents, the Arrangers, and each successor agent appointed pursuant to the terms of Article XII of this Agreement.

"AGREEMENT" has the meaning set forth in the preamble hereto.

"APPLICABLE LENDING OFFICE" means, with respect to a particular Lender, (i) its Eurodollar Lending Office in respect of provisions relating to Eurodollar Rate Loans, (ii) its Domestic Lending Office in respect of provisions relating to Base Rate Loans, and (iii) its Competitive Bid Lending Office in respect of provisions relating to Competitive Bid Loans.

"APPLICABLE MARGIN" means, with respect to each Loan, the respective percentages per annum determined based on the range into which the Borrower's Credit Rating then falls, in accordance with the following table. Any change in the Borrower's Credit Rating causing it to move to a different range on the table shall to the extent set forth below effect an immediate change in the Applicable Margin. The Borrower shall notify the Administrative Agent in writing promptly after becoming aware of any change in any of its Credit Ratings. The Borrower shall maintain Credit Ratings from at least two (2) Rating Agencies, one of which must be Moody's or S&P so long as such Persons are in the business of providing debt ratings for the REIT industry; provided that if the Borrower fails to maintain at least two Credit Ratings, the Applicable Margin shall be based upon an S&P rating of less than BBB- in the table below. In the event that the Borrower receives two (2) Credit Ratings that are not equivalent, the Applicable Margin shall be determined by the lower of such two (2) Credit Ratings, at least one of which shall be an Investment Grade Rating. In the event the Borrower receives more than two (2) Credit Ratings and such Credit Ratings are not equivalent, the Applicable Margin shall be determined by the lower of the two highest ratings; provided that each of said two (2) highest ratings shall be Investment Grade Ratings and at least one of which shall be an Investment Grade Rating from S&P or Moody's.

Range of the Borrower's Credit Rating (S&P/Moody's or other Ratings)	Applicable Margin for Euro Dollar Loans (% per annum)	Applicable Margin for Base Rate Loans (% per annum)
A-/A3 or their equivalent or higher	0.60	0
BBB+/Baa1 or their equivalent	0.625	0
BBB/Baa2 or their equivalent	0.70	0
BBB-/Baa3 or their equivalent	0.90	0
Below BBB-/Baa3 or their equivalent or unrated	1.20	0

The Administrative Agent shall notify the Banks in writing promptly after it obtains knowledge of any change in the Borrower's Credit Rating which shall effect a change in the Applicable Margin.

"ARRANGERS" means J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., each appointed pursuant to the terms of Article XII of this Agreement.

"ASSIGNMENT AND ACCEPTANCE" means an Assignment and Acceptance in substantially the form of Exhibit A attached hereto and made a part hereof (with blanks appropriately completed) delivered to the Administrative Agent in connection with an assignment of a Lender's interest under this Agreement in accordance with the provisions of Section 14.1.

"AUTHORIZED FINANCIAL OFFICER" means a chief executive officer, president, chief financial officer, treasurer or other qualified senior officer acceptable to the Administrative Agent.

"BASE RATE" means, for any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(i) the rate of interest announced publicly by JPMorgan in New York, New York from time to time, as JPMorgan's prime rate; and

(ii) the sum of (A) one-half of one percent (0.50%) per annum PLUS (B) the Federal Funds Rate in effect from time to time during such period.

Any change in the Base Rate shall result in a corresponding change on the same day in the rate of interest accruing from and after such day on the unpaid balance of any Base Rate Loan.

"BASE RATE LOAN" means (i) a Committed Loan which bears interest at a rate determined by reference to the Base Rate and the Applicable Margin as provided in Section 5.1(a), (ii) an overdue amount which was a Base Rate Loan immediately before it became due or (iii) for purposes of Section 5.2, any Loan which bears interest at a rate determined by reference to the Base Rate.

"BENEFIT PLAN" means an employee benefit plan defined in Section 3(3) of ERISA in respect of which the Borrower or any ERISA Affiliate (i) is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA or (ii) has assumed or is otherwise subject to any liability.

"BORROWER" means Reckson.

"BORROWER NOTES" has the meaning set forth in Section 4.3(a).

"BORROWER PARTNERSHIP AGREEMENT" means the Reckson Partnership Agreement as such agreement may be amended, restated, modified or supplemented from time to time with the consent of the Agents or as permitted under Section 10.9.

"BORROWING" means a borrowing consisting of Loans of the same type made, continued or converted on the same day.

"BUDGETED CONSTRUCTION COST" means, with respect to Property on which vertical construction of Improvements (including redevelopments consisting of or described as vacant buildings, but excluding TI Work and excluding work prior to erection of the structure of the building) has commenced and is proceeding to completion in the ordinary course but has not yet been completed (as such completion shall be evidenced by a temporary or permanent certificate of occupancy permitting use of such Property by the general public), the aggregate full-budgeted costs of construction of such Improvements (including land acquisition costs and other soft costs

and TI Work relating to such Property, in accordance with GAAP); provided that Budgeted Construction Cost shall exclude build-to-suit Projects that are seventy-five percent (75%) pre-leased or Projects which are less than seventy-five percent (75%) pre-leased but have a pro-forma yield of ten percent (10%) or more, based upon executed leases and the cost of acquisition plus the estimated cost to complete the same, which estimated cost to complete shall be determined in a manner reasonably acceptable to the Administrative Agent and the Syndication Agent.

"BUSINESS DAY" means a day, in the applicable local time, which is not a Saturday or Sunday or a legal holiday and on which banks are not required or permitted by law or other governmental action to close (i) in New York, New York and (ii) in the case of Eurodollar Rate Loans, in London, England and (iii) in the case of Letter of Credit transactions for a particular Lender, in the place where its office for issuance or administration of the pertinent Letter of Credit is located.

"CAPITAL EXPENDITURE VALUATION RESERVE AMOUNTS" means the sum of (a) an amount per annum equal to \$0.40 multiplied by the number of square feet for office properties (other than New York City Assets) owned or ground leased, directly or indirectly, by any of the Consolidated Businesses or Joint Ventures; (b) an amount per annum equal to \$0.15 multiplied by the number of square feet for industrial properties owned or ground leased, directly or indirectly, by any of the Consolidated Businesses or Joint Ventures; and (c) an amount per annum equal to \$0.50 multiplied by the number of square feet for New York City Assets.

"CAPITAL EXPENDITURE COVERAGE RESERVE AMOUNTS" means the sum of (a) an amount per annum equal to \$1.25 multiplied by the number of square feet for office properties (other than New York City Assets) owned or ground leased, directly or indirectly, by any of the Consolidated Businesses or Joint Ventures; (b) an amount per annum equal to \$0.40 multiplied by the number of square feet for industrial properties owned or ground leased, directly or indirectly, by any of the Consolidated Businesses or Joint Ventures; and (c) an amount per annum equal to \$1.75 multiplied by the number of square feet for New York City Assets.

"CAPITAL LEASE" means any lease of any property (whether real, personal or mixed) by a Person as lessee which, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of that Person.

"CAPITAL STOCK" means, with respect to any Person, any capital stock of such Person, regardless of class or designation, and all warrants, options, purchase rights, conversion or exchange rights, voting rights, calls or claims of any character with respect thereto.

"CASH AND CASH EQUIVALENTS" means unrestricted (i) cash, (ii) marketable direct obligations issued or unconditionally guaranteed by the United States government and backed by the full faith and credit of the United States government; and (iii) domestic and Eurodollar certificates of deposit and time deposits, bankers' acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies (fully protected against currency fluctuations), which, at the time of acquisition, are rated A-1 (or better) by S&P or P-1 (or better) by Moody's provided that the maturities of such Cash and Cash Equivalents shall not exceed one year.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. ss.ss. 9601 et seq., any amendments thereto, any successor statutes, and any regulations or guidelines promulgated thereunder.

"CLAIM" means any claim or demand, by any Person, of whatsoever kind or nature for any alleged Liabilities and Costs, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, Permit, ordinance or regulation, common law or otherwise.

"CLOSING DATE" means August 6, 2004.

"COMBINED EQUITY VALUE" means Total Value, less Total Outstanding Indebtedness.

"COMMERCIAL LETTER OF CREDIT" means any documentary letter of credit issued by an Issuing Bank pursuant to Section 3.1 for the account of the Borrower which is drawable upon presentation of documents evidencing the sale or shipment of goods purchased by the Borrower in the ordinary course of its business.

"COMMISSION" means the Securities and Exchange Commission and any Person succeeding to the functions thereof.

"COMMITTED LOAN" means a loan made by a Lender pursuant to Section 2.1; provided, that if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Conversion/Continuation, the term "Committed Loan" shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

"COMPANY" means Reckson Associates Realty Corp., a Maryland corporation.

"COMPETITIVE BID LENDER" means, as to each Competitive Bid Loan, the Lender funding such Competitive Bid Loan.

"COMPETITIVE BID LENDING OFFICE" means, as to each Lender, its Domestic Lending Office or such other office, branch or affiliate of such Lender as it may hereafter designate as its Competitive Bid Lending Office by notice to the Borrower and the Agent.

"COMPETITIVE BID LOAN" means a loan made or to be made by a Lender pursuant to a LIBOR Auction (including such a loan bearing interest at the Base Rate pursuant to Section 5.2).

"COMPETITIVE BID MARGIN" has the meaning set forth in Section 2.2(d) (ii) (C).

"COMPETITIVE BID QUOTE" means an offer by a Lender to make a Competitive Bid Loan in accordance with Section 2.2(d).

"COMPETITIVE BID QUOTE REQUEST" has the meaning set forth in Section 2.2(a).

"COMPLIANCE CERTIFICATE" has the meaning set forth in Section 8.2(b).

"CONSOLIDATED" means consolidated, in accordance with GAAP, but excluding the effects of consolidation under Interpretation No. 46 of the Financial Accounting Standards Board.

"CONSOLIDATED BUSINESSES" means the Company, the Borrower, Reckson FS Limited Partnership, Metropolitan, MOP and their wholly-owned Subsidiaries.

"CONSTRUCTION ASSET COST" means, with respect to Property on which vertical construction of Improvements (including redevelopments consisting of or described as vacant buildings, but excluding TI Work and excluding work prior to erection of the structure of the building) has commenced and is proceeding to completion in the ordinary course but has not yet been completed (as such completion shall be evidenced by a temporary or permanent certificate of occupancy permitting use of such Property by the general public), the aggregate sums incurred and paid on the construction of such Improvements (including land acquisition costs and other soft costs and TI Work relating to such Property, in accordance with GAAP). Any such Property shall continue to be valued (for financial covenant compliance purposes) at its Construction Asset Cost until the end of four (4) consecutive quarters following such completion (as such completion shall be evidenced by a temporary or permanent certificate of occupancy permitting use of such Property by the general public).

"CONTAMINANT" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, radioactive materials, asbestos containing materials (in any form or condition), polychlorinated biphenyls (PCBs), or any constituent of any such substance or waste, and includes, but is not limited to, these terms as defined in federal, state or local laws or regulations.

"CONTINGENT OBLIGATION" as to any Person means, without duplication, (i) any contingent obligation of such Person required to be shown on such Person's balance sheet in accordance with GAAP, and (ii) any obligation required to be disclosed in the footnotes to such Person's financial statements in accordance with GAAP, which obligation guarantees partially or in whole any non-recourse Indebtedness, lease, dividend or other obligation, exclusive of contractual indemnities (including, without limitation, any Non-Recourse Carve-Outs, any indemnity or price-adjustment provision relating to the purchase or sale of securities or other assets) and guarantees of non-monetary obligations (other than guarantees of completion) which have not yet been called on or quantified, of such Person or of any other Person. Notwithstanding the foregoing, any litigation required to be disclosed in the footnotes to such Person's financial statements in accordance with GAAP shall not be included as a "Contingent Obligation" unless the same shall have been reserved for in accordance with GAAP. The amount of any Contingent Obligation described in clause (ii) shall be deemed to be (a) with respect to a guaranty of interest or interest and principal, or operating income guaranty, the sum of all payments required to be made thereunder (which in the case of an operating income guaranty shall be deemed to be equal to the debt service for the note secured thereby), calculated at the interest rate applicable to such Indebtedness, through (i) in the case of an interest or interest and principal guaranty, the stated date of maturity of the obligation (and commencing on the date interest could first be payable thereunder), or (ii) in the case of an operating income guaranty, the date through which such guaranty will remain in effect, and (b) with respect to all guarantees not covered by the preceding clause (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such guaranty is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as recorded on the balance sheet and on the footnotes to the most recent financial statements of the Borrower required to be delivered pursuant hereto; PROVIDED THAT in no event shall the amount of Contingent Obligations with respect to any guaranties relating to a loan exceed the principal amount of such loan. Notwithstanding anything contained herein to the contrary, guarantees of completion shall not be deemed to be Contingent Obligations unless and until a claim for

payment has been made thereunder, at which time any such guaranty of completion shall be deemed to be a Contingent Obligation in an amount equal to any such claim. Subject to the preceding sentence, (i) in the case of a joint and several guaranty given by such Person and another Person (but only to the extent such guaranty is recourse, directly or indirectly to the Borrower), the amount of the guaranty shall be deemed to be 100% thereof unless and only to the extent that (X) such other Person has delivered Cash or Cash Equivalents to secure all or any part of such Person's guaranteed obligations or (Y) such other Person holds an Investment Grade Rating from either Moody's or S&P, and (ii) in the case of a guaranty (whether or not joint and several) of an obligation otherwise constituting Debt of such Person, the amount of such guaranty shall be deemed to be only that amount in excess of the amount of the obligation constituting Indebtedness of such Person. Notwithstanding anything contained herein to the contrary, "Contingent Obligations" shall not be deemed to include guarantees of loan commitments or of construction loans to the extent the same have not been drawn.

"CONTRACTUAL OBLIGATION", as applied to any Person, means any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement or instrument to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

"CREDIT RATING" means the ratings assigned by not less than two of the Rating Agencies (at least one of which shall be S&P or Moody's) to the Borrower's senior long-term unsecured indebtedness. The decision on which two, or in certain cases three, Rating Agencies to use shall be made by the Borrower so long as one of such Rating Agencies shall be Moody's or S&P.

"CURE LOANS" has the meaning set forth in Section 4.2(b)(v)(C).

"CUSTOMARY PERMITTED LIENS" means

(i) Liens (other than Environmental Liens and Liens in favor of the PBGC) with respect to the payment of taxes, assessments or governmental charges or levies in all cases which are not yet due or which are being contested in good faith by appropriate proceedings in accordance with Section 9.4, and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(ii) statutory and common law Liens of landlords against any Property of the Borrower or any of its Subsidiaries;

(iii) Liens against any Property of the Borrower or any of its Subsidiaries in favor of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other Liens against any Property of the Borrower or any of its Subsidiaries imposed by law created in the ordinary course of business for amounts which could not reasonably be expected to result in a Material Adverse Effect;

(iv) Liens (other than any Lien in favor of the PBGC) incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), surety, appeal and performance bonds; PROVIDED that (A) all such Liens do not in the aggregate materially detract from the value of the Borrower's or such Subsidiary's

assets or Property or materially impair the use thereof in the operation of their respective businesses, and (B) all Liens of attachment or judgment and Liens securing bonds to stay judgments or in connection with appeals which do not secure at any time an aggregate amount of recourse Indebtedness exceeding \$10,000,000;

(v) Liens against any Property of the Borrower or any Subsidiary of the Borrower arising with respect to zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges or encumbrances on the use of Real Property which do not materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(vi) leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Borrower and its Subsidiaries taken as a whole;

(vii) Liens placed upon equipment or machinery used in the ordinary course of business of the Borrower or any of its Subsidiaries at the time of acquisition thereof by the Borrower or any such Subsidiary or within 180 days thereafter to secure Indebtedness incurred to pay all or a portion of the purchase price thereof, provided that the Lien encumbering the equipment or machinery so acquired does not encumber any other asset of the Borrower or such Subsidiary;

(viii) customary restrictions imposed by licensors of software or trademarks on users thereof;

(ix) interests of licensees and sublicensees in any trademarks or other intellectual property license or sublicense by the Borrower or any of its Subsidiaries; and

(x) Environmental Liens less than \$5,000,000, which are being contested in good faith by appropriate proceedings.

"DESIGNATED BANK" means a special purpose corporation that (i) shall have become a party to this Agreement pursuant to Section 14.1(f), and (ii) is not otherwise a Lender.

"DESIGNATED BANK NOTES" means promissory notes of the Borrower, substantially in the form of Exhibit B-2 hereto, evidencing the obligation of the Borrower to repay Competitive Bid Loans made by Designated Banks, as the same may be amended, supplemented, modified or restated from time to time, and "Designated Bank Note" means any one of such promissory notes issued under Section 14.1(f).

"DESIGNATED LENDER" has the meaning set forth in Section 13.4.

"DESIGNATING LENDER" shall have the meaning set forth in Section 14.1(f) hereof.

"DESIGNATION AGREEMENT" means a designation agreement in substantially the form of Exhibit K attached hereto, entered into by a Lender and a Designated Bank and accepted by the Agent.

"DOCUMENTATION AGENTS" means Citicorp North America, Inc., Wachovia Bank, National Association and Deutsche Bank Trust Company Americas, Inc., in their capacities as co-documentation agents for the Lenders.

"DOL" means the United States Department of Labor and any Person succeeding to the functions thereof.

"DOLLARS" AND "\$" mean the lawful money of the United States.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, such Lender's office, located in the United States, specified as the "Domestic Lending Office" under its name on SCHEDULE LC hereto or as set forth in the Assignment and Acceptance by which it became a Lender or such other United States office of such Lender as it may from time to time specify by written notice to the Borrower and the Administrative Agent.

"ELIGIBLE ASSIGNEE" means (i) a Lender or a Lender Affiliate; (ii) a commercial bank having total assets in excess of \$5,000,000,000; (iii) the central bank of any country which is a member of the organization for Economic Cooperation and Development having total assets in excess of \$10,000,000,000; or (iv) a finance company or other financial institution reasonably acceptable to the Administrative Agent, which is regularly engaged in making, purchasing or investing in loans and having total assets in excess of \$1,000,000,000 or is otherwise reasonably acceptable to the Administrative Agent.

"ELIGIBLE CASH 1031 PROCEEDS" means the cash proceeds held by a "qualified intermediary" from the sale of Real Property, which proceeds are intended to be used by such qualified intermediary to acquire one or more "replacement properties" that are of "like-kind" to such Real Property in an exchange that qualifies as a tax-free exchange under Section 1031 of the Internal Revenue Code, and no portion of which proceeds the Borrower, the Company or any Affiliate has the right to receive, pledge, borrow or otherwise obtain the benefits of until such time as provided under the applicable "exchange agreement" (as such terms in quotations are defined in Treasury Regulations Section 1.1031(k)-1(g)(4) (the "REGULATIONS")) or until such exchange is terminated. Upon the cash proceeds no longer being held by such qualified intermediary pursuant to the Regulations or otherwise no longer qualifying under the Regulations for like-kind exchange treatment, such proceeds shall cease being Eligible Cash 1031 Proceeds.

"ELIGIBLE ENCUMBERED PROPERTIES" means the Projects and New York City Assets listed on SCHEDULE EEP, so long as (a) such Projects and New York City Assets are owned or ground-leased by the Borrower or a Guarantor and would otherwise satisfy the requirements of an Unencumbered Project or an Unencumbered New York City Asset, except that such Project or New York City Asset is subject to a lien which is not a Customary Permitted Lien, (b) the Indebtedness secured by the Lien on such Project or New York City Asset that exists on the Closing Date is not (x) amended or modified in any manner that would increase the principal amount or postpone the maturity date thereof or (y) refinanced or replaced with new Indebtedness having a principal amount greater than or a maturity date later than the Indebtedness being refinanced or replaced, (c) the Indebtedness secured by the Lien on such Project or New York City Asset has not been accelerated, unless such acceleration is rescinded and (d) no default or event of default under any mortgage or other loan document relating to the Indebtedness secured by the Lien on such Project or New York City Asset has occurred and is continuing, which default or event of default then subjects such Indebtedness to acceleration or then permits such Indebtedness to be accelerated under any such mortgage or other loan document, unless such default or event of default is cured or waived.

"ELIGIBLE GROUND LEASE" means a ground lease that (a) has a minimum remaining term of twenty-five (25) years, including tenant controlled options, as of any date of determination, (b) has customary notice rights, default cure rights, new lease rights in the event of bankruptcy of the tenant and other customary provisions for the benefit of a leasehold mortgagee or has equivalent protection for a leasehold permanent mortgagee by a subordination to such leasehold permanent mortgagee of the landlord's fee interest, and (c) is otherwise acceptable for non-recourse leasehold mortgage financing under customary lending requirements. The Eligible Ground Leases as of the date of this Agreement are listed on SCHEDULE EG.

"ENVIRONMENTAL, HEALTH OR SAFETY REQUIREMENTS OF LAW" means all Requirements of Law derived from or relating to any federal, state or local law, ordinance, rule, regulation, Permit, license or other binding determination of any Governmental Authority relating to, imposing liability or standards concerning, or otherwise addressing the environment, health and/or safety, including, but not limited to the Clean Air Act, the Clean Water Act, CERCLA, RCRA, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act and OSHA, and public health codes, each as from time to time in effect.

"ENVIRONMENTAL LIEN" means a Lien in favor of any Governmental Authority for any (i) liabilities under any Environmental, Health or Safety Requirement of Law, or (ii) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"ENVIRONMENTAL PROPERTY TRANSFER ACT" means any applicable Requirement of Law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the transfer, sale, lease or closure of any Property or deed or title for any Property for environmental reasons, including, but not limited to, any so-called "Environmental Cleanup Responsibility Act" or "Responsible Property Transfer Act".

"EQUIPMENT" means equipment used in connection with the maintenance of Projects and Properties.

"ERISA" means the Employee Retirement Income Security Act of 1974, 29 U.S.C. ss.ss. 1000 ET SEQ., any amendments thereto, any successor statutes, and any regulations or guidelines promulgated thereunder.

"ERISA AFFILIATE" means (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414 (b) of the Internal Revenue Code) as the Borrower; (ii) a partnership or other trade or business (whether or not incorporated) which is under common control (within the meaning of Section 414 (c) of the Internal Revenue Code) with the Borrower; and (iii) a member of the same affiliated service group (within the meaning of Section 414 (m) of the Internal Revenue Code) as the Borrower, any corporation described in clause (i) above or any partnership or trade or business described in clause (ii) above.

"ERISA TERMINATION EVENT" means (i) a Reportable Event with respect to any Benefit Plan or Multiemployer Plan; (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Benefit Plan during a plan year in which the Borrower or such ERISA Affiliate was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or the cessation of operations which results in the termination of employment of 20% of Benefit Plan participants who are employees of the Borrower or any ERISA Affiliate; (iii) the imposition of an obligation on the Borrower or any ERISA Affiliate under Section 4041 of ERISA to provide affected parties written notice of intent

to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC of proceedings to terminate a Benefit Plan; (v) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Benefit Plan; or (vi) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan.

"EURODOLLAR AFFILIATE" means, with respect to each Lender, the Affiliate of such Lender (if any) set forth below such Lender's name under the heading "Eurodollar Affiliate" on SCHEDULE LC hereto or as set forth in the Assignment and Acceptance by which it became a Lender or such Lender Affiliate as it may from time to time specify by written notice to the Borrower and the Administrative Agent.

"EURODOLLAR INTEREST PERIOD" has the meaning set forth in Section 5.2(b).

"EURODOLLAR INTEREST RATE DETERMINATION DATE" has the meaning set forth in Section 5.2(c).

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, such Lender's office (if any) specified as the "Eurodollar Lending Office" under its name on SCHEDULE LC hereto or as set forth in the Assignment and Acceptance by which it became a Lender or such other office or offices of such Lender as it may from time to time specify by written notice to the Borrower and the Administrative Agent.

"EURODOLLAR RATE" means, for any Eurodollar Interest Period with respect to any Eurodollar Rate Loan or a Competitive Bid Loan, an interest rate per annum equal to the rate per annum obtained by multiplying (a) a rate per annum equal to the rate for Dollar deposits with maturities comparable to such Eurodollar Interest Period which appears on Telerate Page 3750 as of 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Eurodollar Interest Period, PROVIDED, HOWEVER, that if such rate does not appear on Telerate Page 3750, the "Eurodollar Rate" applicable to a particular Eurodollar Interest Period shall mean a rate per annum equal to the rate at which Dollar deposits in an amount approximately equal to the principal balance (or the portion thereof which will bear interest at a rate determined by reference to the Eurodollar Rate during the Eurodollar Interest Period to which such Eurodollar Rate is applicable in accordance with the provisions hereof), and with maturities comparable to the last day of the Eurodollar Interest Period with respect to which such Eurodollar Rate is applicable, are offered in immediately available funds in the London Interbank Market to the London office of JPMorgan by leading banks in the Eurodollar market at 11:00 a.m., London time, two (2) Business Days prior to the commencement of the Eurodollar Interest Period to which such Eurodollar Rate is applicable, by (b) a fraction (expressed as a decimal) the numerator of which shall be the number one and the denominator of which shall be the number one MINUS the Eurodollar Reserve Percentage for each day during such Eurodollar Interest Period.

"EURODOLLAR RATE LOAN" means (i) a Committed Loan which bears interest at a rate determined by reference to the Eurodollar Rate and the Applicable Margin for Eurodollar Rate Loans, as provided in Section 5.1(a) or (ii) an overdue amount which was a Eurodollar Rate Loan immediately before it became due or (iii) for purpose of Section 5.2, any Loan which bears interest at a rate determined by reference to the Eurodollar Rate.

"EURODOLLAR RESERVE PERCENTAGE" means, for any day, that percentage which is in effect on such day, as prescribed by the Federal Reserve Board for determining the maximum reserve

requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York, New York with deposits exceeding five billion Dollars in respect of "Eurocurrency Liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Eurodollar Rate Loans is determined or any category of extensions of credit or other assets which includes loans by a non United States office of any bank to United States residents).

"EVENT OF DEFAULT" means any of the occurrences set forth in Section 11.1 after the expiration of any applicable grace period and the giving of any applicable notice, in each case as expressly provided in Section 11.1.

"EXISTING PERMITTED LIENS" means each of the Liens set forth on SCHEDULE 1.1.1.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day in New York, New York, for the next preceding Business Day) in New York, New York by the Federal Reserve Bank of New York, or if such rate is not so published for any day which is a Business Day in New York, New York, the average of the quotations for such day on such transactions by the Reference Bank, as determined by the Administrative Agent.

"FEDERAL RESERVE BOARD" means the Board of Governors of the Federal Reserve System or any Governmental Authority succeeding to its functions.

"FFO" means "funds from operations" as defined in accordance with resolutions adopted by the Board of Governors of the National Association of Real Estate Investment Trusts as in effect from time to time; provided that FFO shall (i) be based on net income after payment of distributions to holders of preferred partnership units in the Borrower and distributions necessary to pay holders of preferred stock of the Company and (ii) at all times exclude (a) charges for impairment losses from property sales and (b) non-recurring charges.

"FINANCIAL STATEMENTS" means (i) quarterly and annual consolidated statements of income and retained earnings, statements of cash flow, and balance sheets, prepared in accordance with GAAP, consistently applied, and (ii) such other financial statements of the Borrower, the Company and the other Consolidated Businesses or Joint Ventures that the Company shall routinely and regularly prepare and that the Arrangers or the Requisite Lenders may from time to time reasonably request.

"FISCAL YEAR" means the fiscal year of the Company and the Borrower for accounting and tax purposes, which shall be the 12-month period ending on December 31 of each calendar year.

"FITCH" means Fitch Ratings, a division of Fitch, Inc. or any successor thereto.

"FIXED CHARGES" means, with respect to any fiscal period, the sum of (a) Total Interest Expense, (b) the aggregate of all scheduled principal payments on Total Outstanding Indebtedness according to GAAP made or required to be made during such fiscal period for the Consolidated Businesses and Joint Ventures (but excluding balloon payments of principal due upon the stated maturity of an Indebtedness), PROVIDED that only the Consolidated Businesses' pro

rata share of the Joint Ventures' scheduled principal payments are to be included, and (c) the aggregate of all dividends or distributions payable (whether paid or accrued) on all preferred stock and other preferred securities or preferential arrangements of the Consolidated Businesses, including, without limitation, preferred distributions payable to holders of preferred OP Units. As used herein, "OP Units" means limited partnership interests in Reckson.

"FUNDING DATE" means, with respect to any Loan, the date of funding of such Loan.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the American Institute of Certified Public Accountants' Accounting Principles Board and Financial Accounting Standards Board or in such other statements by such other entity as may be in general use by significant segments of the accounting profession as in effect on the Closing Date (unless otherwise specified herein as in effect on another date or dates).

"GENERAL PARTNER" means the Company and any successor general partner(s) of the Borrower.

"GOVERNMENTAL APPROVAL" means all right, title and interest in any existing or future certificates, licenses, permits, variances, authorizations and approvals issued by any Governmental Authority having jurisdiction with respect to any Project.

"GOVERNMENTAL AUTHORITY" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTIES" means, collectively, the Unconditional Guaranties of Payment, made by each of the Company, Reckson FS Limited Partnership and the other Guarantors for the benefit of the Lenders, in substantially the form of Exhibit L hereto.

"GUARANTORS" means, collectively, the Company, Reckson FS Limited Partnership, 360 Hamilton Plaza LLC, Metropolitan, MOP, 275 Broadhollow LLC, 1055 Washington Boulevard LLC, and any other Affiliate of the Borrower executing a Guaranty. Any Guarantor that is the owner or ground lessor of an Unencumbered Project or Unencumbered New York City Asset shall be a wholly-owned Subsidiary of the Borrower.

"IMPROVEMENTS" means all buildings, fixtures, structures, parking areas, landscaping and all other improvements whether existing now or hereafter constructed, together with all machinery and mechanical, electrical, HVAC and plumbing systems presently located thereon and used in the operation thereof, excluding (a) any such items owned by utility service providers, (b) any such items owned by tenants or other third-parties unaffiliated with the Borrower and (c) any items of personal property.

"INDEBTEDNESS", as applied to any Person, means, at any time, without duplication, (a) all indebtedness, obligations or other liabilities of such Person (whether consolidated or representing the proportionate interest in any other Person) (i) for borrowed money (including construction loans) or evidenced by debt securities, debentures, acceptances, notes or other similar instruments, and any accrued interest and fees relating thereto, (ii) under profit payment agreements or in respect of obligations to redeem, repurchase or exchange any Securities of such Person or to pay dividends in respect of any preferred stock (but only to the extent that such Person shall be contractually obligated to pay the same), (iii) with respect to letters of credit,

bankers' acceptances or similar facilities issued for such Person's account or for which such Person otherwise has reimbursement obligations, (iv) to pay the deferred purchase price of property or services, except accounts payable and accrued expenses arising in the ordinary course of business, (v) in respect of Capital Leases or so-called synthetic leases, (vi) which are Contingent Obligations or (vii) under indemnities but only at such time as a claim shall have been made thereunder; (b) all indebtedness, obligations or other liabilities of such Person or others secured by a Lien on any property of such Person, whether or not such indebtedness, obligations or liabilities are assumed by such Person, all as of such time, but in a case of obligations of others not assumed by such Person an amount not in excess of the value of such property; (c) all indebtedness, obligations or other liabilities of such Person in respect of interest rate contracts, derivatives contracts and foreign exchange contracts, net of liabilities owed to such Person by the counterparties thereon; (d) all preferred stock and preferred equity interests subject (upon the occurrence of any contingency or otherwise) to mandatory redemption in cash by the holder of such preferred stock or equity interest; (e) all preferred stock and preferred equity interests in any Consolidated Business (other than the Company and the Borrower) which has not provided a Guaranty of the Obligations; and (f) all Contractual Obligations with respect to any of the foregoing.

"INDEMNIFIED MATTERS" has the meaning set forth in Section 14.3.

"INDEMNITEES" has the meaning set forth in Section 14.3.

"INITIAL FUNDING DATE" means the date on or after the Closing Date on which all of the conditions described in Section 6.1 have been satisfied (or waived) in a manner satisfactory to the Administrative Agent and the Lenders and on which the initial Loans under this Agreement are made by the Lenders to the Borrower.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, any successor statute and any regulations or guidelines promulgated thereunder.

"INVESTMENT" means, with respect to any Person, (i) any purchase or other acquisition by that Person of Securities, or of a beneficial interest in Securities, issued by any other Person, (ii) any purchase by that Person of all or substantially all of the assets of a business conducted by another Person, (iii) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable, advances to employees and similar items made or incurred in the ordinary course of business) or capital contribution by that Person to any other Person, including all Indebtedness to such Person arising from a sale of property by such Person other than in the ordinary course of its business, and (iv) any purchase or other acquisition by that Person of Real Property, whether directly or indirectly. The amount of any Investment shall be the original cost of such Investment (together with all capital improvement costs thereafter paid or incurred with respect to such Investment in accordance with GAAP), without any adjustments for increases or decreases in value or write-ups, write-downs or write-offs with respect to such Investment.

"INVESTMENT FUNDS" means (i) Reckson Strategic Venture Partners LLC, and (ii) a Person in which FrontLine Capital Group or a Subsidiary thereof is a general partner or a managing member, in the case of a partnership or limited liability company, and which, in the case of a corporation, has the right to elect a majority of the board of directors.

"INVESTMENT GRADE RATING" means a rating for a Person's senior long-term unsecured debt of BBB- or better from S&P, and a rating of Baa3 or better from Moody's or a rating equivalent to the foregoing from Fitch or another Rating Agency.

"INVITATION FOR COMPETITIVE BID QUOTES" means an Invitation for Competitive Bid Quotes substantially in the form of EXHIBIT I hereto.

"IRS" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"ISSUING BANK" means JPMorgan, or with the consent of the Arrangers (not to be unreasonably withheld) and the Borrower, another Lender.

"JOINT VENTURES" means any interests in partnerships, joint ventures, limited liability companies, trusts, associations and corporations held or owned directly or indirectly by the Borrower and/or the Company which are not wholly-owned by the Borrower and/or the Company (other than Investment Funds or any affiliated or unaffiliated operating company that the Borrower includes under clause (vii) of the definition of Total Value, subject to the limitation of \$100,000,000 investments (valued at the lower of cost or market in accordance with GAAP)).

"JOINT VENTURE UNENCUMBERED VALUE" means the portion of Total Unencumbered Value from Joint Ventures attributable to Unencumbered Projects and Unencumbered New York City Assets.

"JPMORGAN" means JPMorgan Chase Bank.

"KNOWLEDGE" with reference to the Company, the Borrower or any Subsidiary of any of them, means the actual knowledge of such Person after reasonable inquiry (which reasonable inquiry shall include, without limitation, interviewing and questioning such other Persons as the Company, the Borrower or such Subsidiary, as applicable, deems reasonably necessary).

"LAND/DEVELOPMENT UNENCUMBERED VALUE" means the portion of Total Unencumbered Value which is attributable to Unencumbered assets consisting of land and Projects under development.

"LEASE" means a lease, license, concession agreement or other agreement providing for the use or occupancy of any portion of any Project, including all amendments, supplements, modifications and assignments thereof and all side letters or side agreements relating thereto.

"LENDER" means (i) each financial institution a signatory hereto as a Lender as of the Closing Date and, at any other given time, each financial institution which is a party hereto as Lender, whether as a signatory hereto or pursuant to an Assignment and Acceptance, and (ii) each Designated Bank; PROVIDED, HOWEVER, that the term "Lender" shall exclude each Designated Bank when used in reference to a Committed Loan, the Revolving Credit Commitments or terms relating to the Committed Loans and the Revolving Credit Commitments and shall further exclude each Designated Bank for all other purposes hereunder except that any Designated Bank which funds a Competitive Bid Loan shall, subject to Section 14.1(f), have the rights (including, without limitation, the rights given to a Lender contained in Section 14.2 and otherwise in Article XIV) and obligations of a Lender associated with holding such Competitive Bid Loan.

"LENDER AFFILIATE" means with respect to any Lender an Affiliate of such Lender.

"LETTER OF CREDIT" means any Commercial Letter of Credit or Standby Letter of Credit.

"LETTER OF CREDIT FEE" has the meaning set forth in Section 5.3(a).

"LETTER OF CREDIT OBLIGATIONS" means, at any particular time, the sum of (i) all outstanding Reimbursement Obligations, and (ii) the aggregate undrawn face amount of all outstanding Letters of Credit, and (iii) the aggregate face amount of all Letters of Credit requested by the Borrower but not yet issued.

"LETTER OF CREDIT REIMBURSEMENT AGREEMENT" means, with respect to a Letter of Credit, such form of application therefor and form of reimbursement agreement therefor (whether in a single or several documents, taken together) as an Issuing Bank may employ in the ordinary course of business for its own account, with such modifications thereto as may be agreed upon by such Issuing Bank and the Borrower and as are not materially adverse (in the judgment of such Issuing Bank and the Administrative Agent) to the interests of the Lenders; PROVIDED, HOWEVER, in the event of any conflict between the terms of any Letter of Credit Reimbursement Agreement and this Agreement, the terms of this Agreement shall control.

"LIABILITIES AND COSTS" means all liabilities, obligations, responsibilities, losses, damages, personal injury, death, punitive damages, economic damages, consequential damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation, feasibility or Remedial Action studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future.

"LIBOR AUCTION" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins based on the Eurodollar Rate pursuant to Section 2.2.

"LIEN" means any mortgage, deed of trust, pledge, hypothecation, assignment, conditional sale agreement, deposit arrangement, security interest, encumbrance, lien (statutory or other and including, without limitation, any Environmental Lien), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever in respect of any property of a Person, whether granted voluntarily or imposed by law, and includes the interest of a lessor under a Capital Lease or under any financing lease having substantially the same economic effect as any of the foregoing.

"LIMITED PARTNERS" means those Persons who from time to time are limited partners of the Borrower; and "LIMITED PARTNER" means each of the Limited Partners, individually.

"LOAN ACCOUNT" has the meaning set forth in Section 4.3(b).

"LOAN DOCUMENTS" means this Agreement, the Notes and the Guaranties.

"LOANS" means Committed Loans and Competitive Bid Loans.

"MANAGEMENT COMPANY" means, collectively (i) Reckson Management Group, Inc., a Delaware corporation, RANY Management Group, Inc. and their respective wholly-owned or

controlled Subsidiaries and (ii) such other property management companies controlled (directly or indirectly) by the Company or the Borrower and which property management companies manage properties owned by the Company, the Borrower and its Subsidiaries and for which the Borrower has previously provided the Administrative Agent with: (1) notice of such property management company, (2) evidence reasonably satisfactory to the Administrative Agent that such property management company is controlled (directly or indirectly) by the Company or the Borrower, and (3) evidence reasonably satisfactory to the Administrative Agent that such property management company manages properties owned, in whole or in part by the Company or the Borrower or its Subsidiaries.

"MARGIN STOCK" means "margin stock" or "margin security" as such terms are defined in Regulation U and Regulation X.

"MATERIAL ADVERSE EFFECT" means a material adverse effect upon (i) the financial condition or assets of the Company, the Borrower and their Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its material obligations under the Loan Documents, (iii) the ability of the Guarantors to perform their material obligations under the Guaranties, or (iv) the ability of the Lenders or the Administrative Agent to enforce any of the Loan Documents.

"MAXIMUM REVOLVING CREDIT AMOUNT" means, at any particular time, the Revolving Credit Commitments at such time.

"METROPOLITAN" means Metropolitan Partners, LLC, a Delaware limited liability company, in which the Borrower currently owns 100% of the common equity interests.

"MOODY'S" means Moody's Investors Service, Inc.

"MOP" means Metropolitan Operating Partnership, L.P., a Delaware limited partnership, and a Subsidiary of Metropolitan.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA which is, or within the immediately preceding six (6) years was, contributed to by either the Borrower or any ERISA Affiliate or in respect of which the Borrower or any ERISA Affiliate has assumed any liability.

"NET CASH PROCEEDS" means all cash when and as received in connection with the sale or refinancing of any asset, less reasonable costs and expenses, repayment of secured indebtedness with respect to the applicable asset, and net of an amount equal to taxable capital gains and real estate transfer taxes payable in connection with any asset sale.

"NET INCOME" means, with respect to any Person, the net income of such Person determined in accordance with GAAP.

"NET OFFERING PROCEEDS" means all cash or other assets received by the Company or the Borrower as a result of the sale of common shares, preferred shares, partnership interests, limited liability company interests, convertible securities or other ownership or equity interests in the Company or the Borrower, less customary costs, expenses and discounts of issuance paid by the Company or the Borrower, as the case may be.

"NEW YORK CITY ASSET" means Real Property which is Class A office property located in the borough of Manhattan, New York, New York and which is owned or ground-leased by one of the Consolidated Businesses or Joint Ventures.

"NOI" means (x) net operating income determined in accordance with GAAP, before gains or losses from extraordinary items relating to any Real Property, plus (y) (i) any interest expense relating to such Real Property, (ii) depreciation and amortization relating to such Real Property, and (iii) Property Level G&A to the extent included in the calculation of net operating income, less (z) (i) free rent and accrued rent with respect to tenants that are more than 90 days in arrears in the payment of rent, and further adjusted to omit the straight line treatment of rent, so as to account for rent on an accrual basis, (ii) any interest income relating to such Real Property, and (iii) the greater of Property Level G&A to the extent included in the calculation of net operating income and an amount equal to 2% of gross revenues with respect to such Real Property.

"NON PRO RATA LOAN" has the meaning set forth in Section 4.2(b)(v).

"NON-RECOURSE CARVE-OUTS" means exceptions to non-recourse obligations, such as fraud, misappropriation, waste, environmental liabilities, improper transfer and breach of restrictions on further financing and breach of single purpose entity covenants, which are usual and customary in secured transactions involving institutional lenders or securitized financings and recourse to single purpose entities that are Consolidated Businesses which have no material assets other than the Real Property or Properties which are the subject of the Secured Indebtedness.

"NOTE" means the Borrower Notes and the Designated Lender Notes; "Notes" means, collectively, all of such Notes outstanding at any given time.

"NOTICE OF BORROWING" means a Notice of Committed Borrowing or a Notice of Competitive Bid Borrowing.

"NOTICE OF COMMITTED BORROWING" means a notice substantially in the form of Exhibit C attached hereto and made a part hereof.

"NOTICE OF COMPETITIVE BID BORROWING" has the meaning set forth in Section 2.2(f).

"NOTICE OF CONVERSION/CONTINUATION" means a notice substantially in the form of EXHIBIT D attached hereto and made a part hereof with respect to a proposed conversion or continuation of a Loan pursuant to Section 5.1(c).

"OBLIGATIONS" means all Loans, advances, debts, liabilities and monetary obligations owing by the Borrower to the Administrative Agent, the Syndication Agent, each Documentation Agent, any Lender, or any Person entitled to indemnification pursuant to Section 14.3 of this Agreement, of any kind or nature, arising under this Agreement, the Notes or any other Loan Document. The term includes, without limitation, all interest, charges, reasonable expenses, fees, reasonable attorneys' fees and disbursements and any other sum chargeable to the Borrower under this Agreement or any other Loan Document.

"OFFICER'S CERTIFICATE" means, as to a corporation, a certificate executed on behalf of such corporation by the chairman of its board of directors (if an officer of such corporation) or its chief executive officer, president, any of its vice-presidents, its chief financial officer, or its treasurer and, as to a partnership, a certificate executed on behalf of such partnership by the

chairman of the board of directors (if an officer of such corporation) or chief executive officer, president, any vice-president, or treasurer of the general partner of such partnership.

"OPERATING ACCOUNT" has the meaning set forth in Section 9.11 hereof.

"OPERATING LEASE" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which is not a Capital Lease.

"ORGANIZATIONAL DOCUMENTS" means, with respect to any corporation, limited liability company, or partnership (i) the articles/certificate of incorporation (or the equivalent organizational documents) of such corporation or limited liability company, (ii) the partnership agreement executed by the partners in such partnership, (iii) the by-laws (or the equivalent governing documents) of such corporation, limited liability company or partnership, and (iv) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such corporation's Capital Stock or such limited liability company's or partnership's equity or ownership interests.

"ORIGINAL REVOLVING CREDIT AGREEMENT" has the meaning set forth in the recitals.

"ORIGINAL TERM LOAN AGREEMENT" has the meaning set forth in the recitals.

"OSHA" means the Occupational Safety and Health Act of 1970, 29 U.S.C. ss.ss. 651 et seq., any amendments thereto, any successor statutes and any regulations or guidelines promulgated thereunder.

"OTHER MANAGEMENT COMPANY" means property management companies controlled (directly or indirectly) by the Company or the Borrower which may manage properties owned by third parties.

"PBGC" means the Pension Benefit Guaranty Corporation and any Person succeeding to the functions thereof.

"PERFORMING NOTES" means mortgage notes, notes receivable and other investments in Real Property (other than investments in or loans to, directly or indirectly, an Investment Fund, or joint venture arrangements with an Investment Fund, or an affiliated or unaffiliated operating company in which such Investment Fund or joint venture arrangements with an Investment Fund owns an equity interest), valued at the lower of cost or market in accordance with GAAP and which are not more than 30 days past due or otherwise in default; provided, that, in the case of mortgage notes, notes receivable and other investments in Real Property that generate cash and non-cash payments, such mortgage notes, notes receivable and other investments in Real Property shall be treated as Performing Notes whose value is determined solely by reference to the cash payments and references to the income generated by the Performing Notes shall include only the cash payments which have current payments payable in cash.

"PERMITS" means any permit, consent, approval, authorization license, variance, or permission required from any Person, including any Governmental Approvals.

"PERMITTED SECURITIES OPTIONS" means the subscriptions, options, warrants, rights, convertible Securities and other agreements or commitments relating to the issuance of the Borrower's Securities or the Company's Capital Stock identified as such on SCHEDULE 1.1.2.

"PERSON" means any natural person, corporation, limited liability company, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"PLAN" means a Benefit Plan or a Multiemployer Plan.

"POTENTIAL EVENT OF DEFAULT" means an event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default.

"PREPAYMENT DATE" has the meaning set forth in Section 4.1(d).

"PROJECT" means any office or industrial properties owned or ground-leased, directly or indirectly, by any of the Consolidated Businesses or Joint Ventures.

"PROPERTY" means any Real Property or personal property, plant, building, facility, structure, equipment, general intangible, receivable, or other asset owned or leased by any Consolidated Business or any Joint Venture. The definition of "Property" shall specifically exclude items of Real Property or personal property owned or leased by members of the Rechler family.

"PROPERTY LEVEL G&A" means general and administrative expenses allocated to the Properties.

"PRO RATA SHARE" means, with respect to any Lender, the percentage obtained by dividing (i) such Lender's Revolving Credit Commitment (in each case, as adjusted from time to time in accordance with the provisions of this Agreement or any Assignment and Acceptance to which such Lender is a party) by (ii) the aggregate amount of all of the Revolving Credit Commitments. The Pro Rata Share of each Lender is set forth opposite such Lender's name on SCHEDULE LC hereto or in the Assignment and Acceptance by which it became a Lender, and shall be modified from time to time pursuant to this Agreement.

"QUALIFIED JOINT VENTURE PARTNERS" means (a) pension funds, insurance companies, banks, investment banks or similar institutional entities, each with significant experience in making investments in commercial real estate and (b) commercial real estate companies of similar quality and experience.

"RATING AGENCY" means Moody's, S&P, Fitch or another nationally-recognized rating agency reasonably satisfactory to the Administrative Agent.

"RCRA" means the Resource Conservation and Recovery Act of 1976, 42 U.S.C. ss.ss. 6901 ET SEQ., any amendments thereto, any successor statutes, and any regulations or guidelines promulgated thereunder.

"REAL PROPERTY" means all of the Borrower's and the Consolidated Businesses' present and future right, title and interest (including, without limitation, any leasehold estate) in (i) any plots, pieces or parcels of land, (ii) any Improvements of every nature whatsoever (the rights and interests described in clauses (i) and (ii) above being the "PREMISES"), (iii) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining such land, and any other interests in

property constituting appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto, and (iv) all other rights and privileges thereunto belonging or appertaining and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the rights and interests described in clause (iii) above.

"RECKSON" means Reckson Operating Partnership, L.P., a Delaware limited partnership.

"REFERENCE BANK" means JPMorgan.

"REGISTER" has the meaning set forth in Section 14.1(c).

"REGULATION A" means Regulation A of the Federal Reserve Board as in effect from time to time.

"REGULATION T" means Regulation T of the Federal Reserve Board as in effect from time to time.

"REGULATION U" means Regulation U of the Federal Reserve Board as in effect from time to time.

"REGULATION X" means Regulation X of the Federal Reserve Board as in effect from time to time.

"REIMBURSEMENT DATE" has the meaning set forth in Section 3.1(d)(i)(A).

"REIMBURSEMENT OBLIGATIONS" means the aggregate non-contingent reimbursement or repayment obligations of the Borrower with respect to amounts drawn under Letters of Credit.

"REIT" means a domestic trust or corporation that qualifies as a real estate investment trust under the provisions of Sections 856, ET SEQ., of the Internal Revenue Code.

"RELEASE" means any release, spill, emission, leaking, pumping, pouring, dumping, injection, deposit, disposal, abandonment, or discarding of barrels, containers or other receptacles, discharge, emptying, escape, dispersal, leaching or migration into the indoor or outdoor environment or into or out of any Property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or Property.

"REMEDIAL ACTION" means actions required to (i) clean up, remove, treat or in any other way address Contaminants in the indoor or outdoor environment; (ii) prevent the Release or threat of Release or minimize the further Release of Contaminants; or (iii) investigate and determine if a remedial response is needed and to design such a response and post-remedial investigation, monitoring, operation and maintenance and care.

"REPORTABLE EVENT" means any of the events described in Section 4043(c) of ERISA and the regulations promulgated thereunder as in effect from time to time but not including any such event as to which the thirty (30) day notice requirement has been waived by applicable PBGC regulations.

"REQUIREMENTS OF LAW" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or

determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act, the Securities Exchange Act, Regulations T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or Permit and Environmental, Health or Safety Requirement of Law.

"REQUISITE LENDERS" means Lenders whose Pro Rata Shares, in the aggregate, are equal to or greater than sixty-six and two-thirds percent (66.67%); provided, however, that, in the event any of the Lenders shall have failed to fund its Pro Rata Share of any Loan requested by the Borrower which such Lenders are obligated to fund under the terms of this Agreement and any such failure has not been cured as provided in Section 4.2(b)(v)(B), then for so long as such failure continues, "Requisite Lenders" means Lenders (excluding all Lenders whose failure to fund their respective Pro Rata Shares of such Loans have not been so cured) whose Pro Rata Shares represent sixty-six and two-thirds percent (66.67%) or more of the aggregate Pro Rata Shares of such Lenders; PROVIDED, FURTHER, HOWEVER, that, in the event that the Revolving Credit Commitments have been terminated pursuant to the terms of this Agreement, "Requisite Lenders" means Lenders (without regard to such Lenders' performance of their respective obligations hereunder) whose aggregate ratable shares (stated as a percentage) of the aggregate outstanding principal balance of all Loans are sixty-six and two-thirds percent (66.67%) or more.

"RESTRICTED PAYMENT" has the meaning set forth in Section 10.11(h).

"REVOLVING CREDIT AVAILABILITY" means, at any particular time, the amount by which the Maximum Revolving Credit Amount at such time exceeds the Revolving Credit Obligations at such time.

"REVOLVING CREDIT COMMITMENT" means, with respect to any Lender, the obligation of such Lender to make Committed Loans and to participate in Letters of Credit pursuant to the terms and conditions of this Agreement, and which shall not exceed the principal amount set forth opposite such Lender's name on SCHEDULE LC hereto or in the Assignment and Acceptance by which it became a Lender, as modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable Assignment and Acceptance, and "REVOLVING CREDIT COMMITMENTS" means the aggregate principal amount of the Revolving Credit Commitments of all the Lenders, the maximum amount of which shall be \$500,000,000 as such amount may be increased or reduced from time to time pursuant to Sections 2.1(b) and 4.1.

"REVOLVING CREDIT OBLIGATIONS" means, at any particular time, the sum of (i) the outstanding principal amount of the Committed Loans at such time, PLUS (ii) the Letter of Credit Obligations at such time, plus (iii) the outstanding principal amount of the Competitive Bid Loans at such time.

"REVOLVING CREDIT PERIOD" means the period from the Initial Funding Date to the Business Day next preceding the Revolving Credit Termination Date.

"REVOLVING CREDIT TERMINATION DATE" means the earlier to occur of (i) August 6, 2007 (or, if not a Business Day, the next preceding Business Day), as such date may be extended as described below in this definition, and (ii) the date of termination of the Revolving Credit Commitments pursuant to the terms of this Agreement. The Borrower may, by written notice to

the Administrative Agent (which shall promptly notify each of the Lenders) given at least sixty (60) days prior to the Revolving Credit Termination Date, extend the Revolving Credit Termination Date for one (1) year, PROVIDED that no Potential Event of Default or Event of Default shall have occurred and be continuing on the date of such written notice and on the effective date of such extension and that the Borrower pays an aggregate extension fee equal to 0.25% of the then existing Revolving Credit Commitments (to the Administrative Agent for the ratable benefit of the Lenders).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"SECURED INDEBTEDNESS" means any Indebtedness secured by a Lien.

"SECURITIES" means any stock, shares, voting trust certificates, partnership interests, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities", including, without limitation, any "security" as such term is defined in Section 8-102 of the Uniform Commercial Code, or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing, but shall not include the Notes or any other evidence of the obligations.

"SECURITIES ACT" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"SECURITIES EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"SERVICING EBITDA" means, with respect to the Management Company or any other service company owned by the Borrower or the Company, as of the first day of each fiscal quarter for the immediately preceding fiscal quarter, an amount, determined in accordance with GAAP, equal to (i) total earnings relating to such companies' operations adjusted to exclude amounts that are more than 90 days delinquent, LESS (ii) total operating expenses relating to such operations, including corporate marketing, general and administrative expenses.

"SOLVENT", when used with respect to any Person, means that at the time of determination:

(i) the fair saleable value of its assets is in excess of the total amount of its liabilities (including, without limitation, contingent liabilities); and

(ii) the present fair saleable value of its assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and

(iii) it is then able and expects to be able to pay its debts (including, without limitation, contingent debts and other commitments) as they mature; and

(iv) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

"STANDBY LETTER OF CREDIT" means any letter of credit issued by an Issuing Bank pursuant to Section 3.1 for the account of the Borrower, which is not a Commercial Letter of Credit.

"SUBSIDIARY" of a Person means any corporation, limited liability company, general or limited partnership, or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned or controlled by such Person, one or more of the other subsidiaries of such Person or any combination thereof.

"SYNDICATION AGENT" means Wells Fargo Bank, National Association, in its capacity as syndication agent for the Lenders.

"TAXES" has the meaning set forth in Section 13.1(a).

"TELERATE PAGE 3750" means the display known as "Telerate Page 3750" (or such other page as may replace Telerate Page 3750 as the display of such service (other than Telerate 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).

"TENANT ALLOWANCE" means a cash allowance paid to a tenant by the landlord pursuant to a Lease.

"TI WORK" means any construction or other "build out" of tenant leasehold improvement to the space demised to the applicable tenant under a Lease (excluding such tenant's furniture, fixtures and equipment) performed pursuant to the terms of such Lease, whether or not such tenant improvement work is performed by or on behalf of the landlord or as part of a Tenant Allowance.

"TOTAL ADJUSTED EBITDA" means, for any quarterly period, (i) net income determined in accordance with GAAP, PLUS (ii) Total Interest Expense, depreciation and amortization deducted in the calculation of such net income, PLUS (iii) taxes on income deducted in the calculation of such net income, LESS (iv) the gains (and plus the losses) from extraordinary items, asset sales, write-ups, debt forgiveness, asset impairments, mark to market adjustments for marketable securities or fair market valuation adjustments for derivatives included in the calculation of such net income, LESS (v) the Capital Expenditure Coverage Reserve Amounts divided by four.

"TOTAL INTEREST EXPENSE" means the sum of (i) interest expense of the Consolidated Businesses paid during such period and (ii) interest expense of the Consolidated Businesses accrued and/or capitalized for such period and (iii) the pro-rata portion of the interest expense of Joint Ventures allocable to the Borrower and paid during such period and (iv) the pro-rata portion of the interest expense of Joint Ventures allocable to the Borrower accrued and/or capitalized for such period, in each case including participating interest expense but excluding extraordinary interest expense, and net of amortization of deferred costs associated with new financings or refinancings of existing Indebtedness.

"TOTAL OUTSTANDING INDEBTEDNESS" means, for any period, the sum of (i) the amount of Indebtedness of the Consolidated Businesses set forth on the then most recent quarterly financial statements of the Borrower, prepared in accordance with GAAP, PLUS any additional Indebtedness incurred by the Consolidated Businesses since the time of such statements, LESS any Indebtedness

repaid by the Consolidated Businesses since the time of such statements, and (ii) the outstanding amount of Joint Venture Indebtedness set forth on the then most recent quarterly financial statements of the Borrower or the applicable Joint Venture, prepared in accordance with GAAP, PLUS any additional Joint Venture Indebtedness incurred by the Joint Ventures since the time of such statements, LESS any Indebtedness repaid by the Joint Ventures since the time of such statements; PROVIDED that all of the foregoing shall only include the Consolidated Businesses' pro rata share of the outstanding and additional Indebtedness, as the case may be, with respect to any Joint Venture, and (iii) the Contingent Obligations of the Consolidated Businesses and the pro-rata portion of Contingent Obligations of the Joint Ventures allocable to the Consolidated Businesses.

"TOTAL RECOURSE SECURED OUTSTANDING INDEBTEDNESS" means Total Secured Outstanding Indebtedness under the terms of which any of the Consolidated Businesses guarantees or is directly obligated for any portion of such Indebtedness or interest payments thereon (other than Non-Recourse Carve-Outs), including, without limitation, the pro rata share of such recourse Indebtedness of Joint Ventures allocable to any of the Consolidated Businesses.

"TOTAL SECURED OUTSTANDING INDEBTEDNESS" means the sum of (i) that portion of Total Outstanding Indebtedness that is secured by a Lien, including, without duplication, the pro rata share of such Indebtedness that is Joint Venture Indebtedness allocable to any of the Consolidated Businesses, PLUS (ii) that portion of Total Outstanding Indebtedness attributable to Consolidated Subsidiaries of the Borrower (or the Joint Ventures) which is recourse to the Borrower or any of the Consolidated Subsidiaries (other than Non-Recourse Carve-Outs), regardless of whether it is secured by a Lien (it being understood that this definition shall not include the Loans hereunder).

"TOTAL UNENCUMBERED VALUE" means the portion of Total Value attributable to (x) Unencumbered assets (including, without limitation, the Unencumbered New York City Assets and the other Unencumbered Projects, but excluding Investment Funds and service company income) owned or ground-leased under an Eligible Ground Lease by the Consolidated Businesses and the Joint Ventures and (y) the Eligible Encumbered Properties, subject to the limitations set forth in the next paragraph and the following conditions and limitations: (i) only the amount of unrestricted Cash and Cash Equivalents in excess of \$40,000,000 shall be included; (ii) Joint Venture Unencumbered Value for Joint Ventures in which the Borrower's beneficial economic interest is fifty-one percent (51%) or greater shall be included, PROVIDED the sale or financing of any Property owned or ground-leased by such Joint Venture is substantially controlled by the Borrower, subject to customary provisions set forth in the organizational documents of such Joint Venture with respect to financings, sales or rights of first refusal granted to other members of such Joint Venture; (iii) Joint Venture Unencumbered Value for Joint Ventures in which the Borrower's beneficial economic interest is less than fifty-one percent (51%) shall be included, provided that a majority of the beneficial economic interests in such Joint Ventures that are not owned by the Consolidated Businesses is owned or controlled by Qualified Joint Venture Partners; (iv) the portion of Total Unencumbered Value attributable to Performing Notes shall be included; (v) Land/Development Unencumbered Value shall be included; and (vi) the portion of Total Unencumbered Value attributable to Unencumbered office and industrial Projects owned or ground-leased under an Eligible Ground Lease by the Consolidated Businesses for less than four (4) fiscal quarters and which have received a certificate of occupancy shall be included.

Clause (ii) above shall not exceed twenty percent (20%) of Total Unencumbered Value. Clause (iii) shall not exceed five percent (5%) of Total Unencumbered Value. Clause (iv) above

shall not exceed fifteen percent (15%) of Total Unencumbered Value. Clause (v) above shall not exceed ten percent (10%) of Total Unencumbered Value. The sum of clauses (iii), (iv) and (v) above shall not exceed twenty percent (20%) of Total Unencumbered Value.

"TOTAL UNSECURED OUTSTANDING INDEBTEDNESS" means the sum of (a) that portion of Total Outstanding Indebtedness that is not secured by a Lien plus (b) that portion of Total Outstanding Indebtedness that is secured by a Lien on an Eligible Encumbered Property. Without limiting the foregoing, Total Unsecured Outstanding Indebtedness shall include, without double counting, (i) all amounts outstanding under this Agreement, (ii) all Indebtedness of the Consolidated Businesses, including the Consolidated Businesses' pro rata share of Indebtedness of Joint Ventures, which is not secured by a Lien, (iii) all outstanding undrawn letters of credit of the Consolidated Businesses (and the pro rata share of such letters of credit allocable to any of the Consolidated Businesses) LESS those outstanding undrawn letters of credit for the benefit of any tenant, prospective tenant or lender at any Real Property to secure the Consolidated Businesses' leasing obligations relating to tenant improvement work or third party leasing commissions which have previously been paid, as evidenced by a schedule provided by the Borrower to the Administrative Agent upon the request of the Administrative Agent.

"TOTAL VALUE" means (a) the sum of (i) Valuation NOI divided by (A) eight and one-half percent (8.50%) for all New York City Assets, (B) nine percent (9.00%) for all other office Real Property, and (C) nine and one-half percent (9.50%) for industrial Real Property; (ii) the Investment in office and industrial Projects owned or ground-leased by the Consolidated Businesses for less than four fiscal quarters; (iii) unrestricted Cash and Cash Equivalents; (iv) land cost (at book value) and Construction Asset Cost, which credit will be limited to fifteen percent (15%) of Total Value (exclusive of build-to-suit Projects that are seventy-five percent (75%) pre-leased or Projects which are less than seventy-five percent (75%) pre-leased but have a pro-forma yield of ten percent (10%) or more, based upon executed leases and the cost of acquisition plus the estimated cost to complete the same, which estimated cost to complete shall be determined in a manner reasonably acceptable to the Administrative Agent and the Syndication Agent); (v) NOI from all other Real Property not otherwise set forth in this definition, divided by twelve percent (12%); (vi) Servicing EBITDA of the Management Company or other such service companies for the immediately preceding four (4) consecutive quarters, divided by twenty percent (20%); (vii) any investment in or loan to (based on the actual cash investment in or loan to), directly or indirectly, an affiliated or unaffiliated operating company and investments in or loans to Investment Funds either directly or indirectly or joint venture arrangements with Investment Funds, which credit will be limited to \$100,000,000 (valued at the lower of cost or market in accordance with GAAP), other than (x) investments in, loans to, or joint venture arrangements with Joint Ventures and (y) Performing Notes; (viii) Performing Notes, which credit will be limited in the aggregate to fifteen percent (15%) of Total Value; and (ix) Eligible Cash 1031 Proceeds;

LESS (b) the quotient of the Capital Expenditure Valuation Reserve Amounts for such period, divided by (A) eight and one-half percent (8.50%) for all New York City Assets, (B) nine percent (9.00%) for all other office Property, and (C) nine and one-half percent (9.50%) for industrial Property; and

PROVIDED, the sum of items (a) (iv), (vii) and (viii) above shall not exceed twenty-five percent (25%) of Total Value.

"2000 CREDIT AGREEMENT" has the meaning set forth in the recitals.

"2002 CREDIT AGREEMENT" has the meaning set forth in the recitals.

"UNENCUMBERED" means, with respect to any asset (other than a Project or a New York City Asset) as of any date of determination, that such asset, the equity interests in such asset and the revenues generated by such asset are not subject to any Liens (excluding Customary Permitted Liens) or preferred equity interests.

"UNENCUMBERED NEW YORK CITY ASSET" means any Unencumbered Project that is a New York City Asset.

"UNENCUMBERED PROJECT" means any Project located in the United States that on any date of determination: (a) is owned or ground-leased under an Eligible Ground Lease, (b) is not subject (nor are any equity interests therein subject) to any Liens (excluding Customary Permitted Liens) or preferred equity interests, (c) has been improved with Improvements which (except for any portions of the Project being restored or renovated) (1) have been issued a certificate of occupancy (where available) or is otherwise lawfully occupied for its intended use, and (2) are fully operational, including in each case, an Unencumbered Project that is being renovated or restored and such renovation is proceeding to completion without undue delay from Permit denial, construction delays or otherwise, (d) has not been the subject of an event or occurrence that has had a Material Adverse Effect, and (e) if owned or ground leased by a wholly-owned Subsidiary of the Borrower, such Subsidiary has executed and delivered a Guaranty.

"UNIFORM COMMERCIAL CODE" means the Uniform Commercial Code as enacted in the State of New York, as it may be amended from time to time.

"UNSECURED INTEREST EXPENSE" means the interest expense paid, accrued or capitalized on the Total Unsecured Outstanding Indebtedness for the applicable period.

"VALUATION NOI" means, with respect to any office or industrial Project or any office or industrial Joint Venture (exclusive of projects under development) which has been owned or ground-leased by the Borrower for not less than four consecutive quarters, as of the first day of each fiscal quarter, an amount equal to the NOI relating to such Project or the Borrower's pro rata share of such Joint Venture for the immediately preceding consecutive four fiscal quarters.

"WHOLLY-OWNED" means, with respect to the ownership of any asset by any Person, that such Person owns 100% of the voting and economic interests in such asset; PROVIDED that, with the written approval of the Administrative Agent, such Person may be deemed to wholly-own an asset if it owns less than 100% of the voting and economic interests in such asset so long as such Person owns 100% of the interests generally having the right to vote with respect to such asset and at least 90% of the economic interests in such asset.

1.2. COMPUTATION OF TIME PERIODS. In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "FROM" means "from and including" and the words "TO" and "UNTIL" each mean "to but excluding". Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed. Any period determined hereunder by reference to a month or months or year or years shall end on the day in the relevant calendar month in the relevant year, if applicable, immediately preceding the date numerically corresponding to the first day of such period, provided that if such period commences on the last day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month during which such

period is to end), such period shall, unless otherwise expressly required by the other provisions of this Agreement, end on the last day of the calendar month.

1.3. ACCOUNTING TERMS. Subject to Section 14.4, for purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP.

1.4. OTHER TERMS. All other terms contained in this Agreement shall, unless the context indicates otherwise, have the meanings assigned to such terms by the Uniform Commercial Code to the extent the same are defined therein.

1.5. RULES OF INTERPRETATION. (a) A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement.

(a) The singular includes the plural and the plural includes the singular.

(b) A reference to any law includes any amendment or modification to such law.

(c) A reference to any Person includes its permitted successors and permitted assigns.

(d) The words "include", "includes" and "including" are not limiting.

(e) Reference to a particular "Section" refers to that section of this Agreement unless otherwise indicated, and reference to a particular "Exhibit" or "Schedule" refers to that exhibit or schedule to this Agreement unless otherwise indicated.

ARTICLE II.
AMOUNTS AND TERMS OF LOANS

2.1. COMMITTED LOANS.

(a) AVAILABILITY. Subject to the terms and conditions set forth in this Agreement, each Lender hereby severally and not jointly agrees to make revolving loans, in Dollars (each individually, a "COMMITTED LOAN" and, collectively, the "COMMITTED LOANS") to the Borrower from time to time during the Revolving Credit Period, in an amount not to exceed such Lender's Pro Rata Share of the Revolving Credit Availability at such time. Subject to the provisions of Section 2.1(b) below, the aggregate amount of Loans to be made hereunder together with the Letter of Credit Obligations with respect to the Borrower, shall not exceed Five Hundred Million Dollars (\$500,000,000). All Committed Loans comprising the same Borrowing under this Agreement shall be made by the Lenders simultaneously and proportionately to their then respective Pro Rata Shares, it being understood that no Lender shall be responsible for any failure by any other Lender to perform its obligation to make a Committed Loan hereunder nor shall the Revolving Credit Commitment of any Lender be increased or decreased as a result of any such failure. Subject to the provisions of this Agreement, the Borrower may repay any outstanding Committed Loan on any day which is a Business Day and any amounts so repaid may be reborrowed, up to the amount available under this Section 2.1(a) at the time of such Borrowing, until the Business Day next preceding the Revolving Credit Termination Date. Each requested

Borrowing of Committed Loans funded on any Funding Date shall be in a principal amount of at least \$3,000,000 and with integral multiples of \$500,000; PROVIDED, HOWEVER, that if the aggregate Revolving Credit Availability outstanding at the time of such requested Borrowing is less than \$3,000,000, then the requested Borrowing shall be for the total amount of such outstanding aggregate Revolving Credit Availability.

(b) INCREASE IN COMMITMENT. Unless a Potential Event of Default or an Event of Default has occurred and is continuing, the Borrower, by written notice to the Administrative Agent (which shall promptly notify each of the Lenders), may request on up to five (5) occasions during the term of this Agreement that the Revolving Credit Commitment be increased by an amount not less than \$25,000,000 per request and not more than \$250,000,000 in the aggregate (such that the Revolving Credit Commitment after such increase(s) shall never exceed \$750,000,000); PROVIDED that for any such request (i) the Borrower shall not have requested the one-year extension of the Revolving Credit Termination Date pursuant to the definition thereof, (ii) any Lender that is a party to this Agreement prior to such request for an increase, at its sole discretion, may elect to increase its Revolving Credit Commitment but shall not have any obligation to so increase its Revolving Credit Commitment, and (iii) in the event that each Lender does not elect to increase its Revolving Credit Commitment, the Arrangers shall use commercially reasonable efforts to locate additional lenders willing to hold commitments for the requested increase, subject to the approval of any such proposed lender by the Borrower, and the Borrower may also identify additional lenders willing to hold commitments for the requested increase, PROVIDED that the Administrative Agent shall have the right to approve any such additional lender, which approval will not be unreasonably withheld or delayed. In the event that lenders commit to any such increase, the Revolving Credit Commitments of the committed Lenders shall be increased, the Pro Rata Shares of the Lenders shall be adjusted, new Notes shall be issued, the Borrower shall make such borrowings and repayments as shall be necessary to effect the reallocation of the Revolving Credit Loans, and other changes shall be made to the Loan Documents as may be necessary to reflect the aggregate amount, if any, by which Lenders have agreed to increase their respective Revolving Credit Commitments or make new Revolving Credit Commitments pursuant to this Section 2.1(b), in each case without requiring the consent of the Lenders other than those Lenders increasing their Revolving Credit Commitments. The fees payable by the Borrower upon any such increase in the Revolving Credit Commitments shall be agreed upon by the Arrangers and the Borrower at the time of such increase.

Notwithstanding the foregoing, nothing in this Section 2.1(b) shall constitute or be deemed to constitute an agreement or commitment by any Lender to increase its Revolving Credit Commitment hereunder.

(c) NOTICE OF BORROWING. When the Borrower desires to borrow under this Section 2.1, the Borrower shall deliver to the Administrative Agent a Notice of Borrowing, signed by it (x) no later than 12:00 noon (New York time) on the Business Day immediately preceding the proposed Funding Date, in the case of a Borrowing of Base Rate Loans and (y) no later than 11:00 a.m. (New York time) at least three (3) Business Days in advance of the proposed Funding Date, in the case of a Borrowing of Eurodollar Rate Loans; PROVIDED, HOWEVER, that no more than two (2) Borrowings may be made within any five (5) Business Day period. Such Notice of Borrowing shall specify (i) the proposed Funding Date (which shall be a Business Day), (ii) the amount of the proposed Borrowing, (iii) the Revolving Credit Availability as of the date of such Notice of Borrowing, (iv), whether the proposed Borrowing will be of Base Rate Loans or Eurodollar Rate Loans, (v) in the case of Eurodollar Rate Loans, the requested Eurodollar Interest Period, (vi) instructions for the disbursement of the proceeds of the proposed Borrowing, (vii) an

Officer's Certificate of the Borrower with respect to compliance with (including calculation thereof) Sections 10.11(a) and 10.11(e), and (viii) that no Potential Event of Default or Event of Default shall have occurred and be continuing or would result therefrom. Any Notice of Borrowing (or telephonic notice in lieu thereof) given pursuant to this Section 2.1(c) shall be irrevocable.

(d) MAKING OF LOANS. (i) Promptly after receipt of a Notice of Borrowing under Section 2.1(c), the Administrative Agent shall notify each Lender by facsimile transmission, or other similar written form of transmission, of the proposed Borrowing (which notice to the Lenders, in the case of a Borrowing of Eurodollar Rate Loans, shall be at least three (3) Business Days in advance of the proposed Funding Date for such Loans). Each Lender shall deposit an amount equal to its Pro Rata Share of the Borrowing requested by the Borrower with the Administrative Agent at its office in New York, New York, in immediately available funds, not later than 12:00 noon (New York time) on the respective Funding Date therefor. Subject to the fulfillment of the conditions precedent set forth in Section 6.1 or Section 6.2, as applicable, the Administrative Agent shall make the proceeds of such amounts received by it available to the Borrower at the Administrative Agent's office in New York, New York on such Funding Date (or on the date received if later than such Funding Date) and shall disburse such proceeds in accordance with the Borrower's disbursement instructions set forth in the applicable Notice of Borrowing. The failure of any Lender to deposit the amount described above with the Administrative Agent on the applicable Funding Date shall not relieve any other Lender of its obligations hereunder to make its Loan on such Funding Date. In the event the conditions precedent set forth in Section 6.1 or 6.2 are not fulfilled as of the proposed Funding Date for any Borrowing, the Administrative Agent shall promptly return, by wire transfer of immediately available funds, the amount deposited by each Lender to such Lender.

(ii) Unless the Administrative Agent shall have been notified by any Lender on the Business Day immediately preceding the applicable Funding Date in respect of any Borrowing that such Lender does not intend to fund its Loan requested to be made on such Funding Date, the Administrative Agent may assume that such Lender has funded its Loan and is depositing the proceeds thereof with the Administrative Agent on the Funding Date therefor, and the Administrative Agent in its sole discretion may, but shall not be obligated to, disburse a corresponding amount to the Borrower on the applicable Funding Date. If the Loan proceeds corresponding to that amount are advanced to the Borrower by the Administrative Agent but are not in fact deposited with the Administrative Agent by such Lender on or prior to the applicable Funding Date, such Lender agrees to pay, and in addition the Borrower, agrees to repay, to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon, for each day from the date such amount is disbursed to or for the benefit of the Borrower until the date such amount is paid or repaid to the Administrative Agent, at the average Federal Funds Rate for such period. If such Lender shall pay to the Administrative Agent the corresponding amount, the amount so paid shall constitute such Lender's Loan as of the Funding Date thereof, and if both such Lender and the Borrower shall pay and repay such corresponding amount, the Administrative Agent shall promptly pay to the Borrower such corresponding amount. This Section 2.1(d)(ii) does not relieve any Lender of its obligation to make its Loan on any applicable Funding Date.

2.2. COMPETITIVE BID LOANS.

(a) THE COMPETITIVE BID OPTION. For so long as the Borrower shall maintain an Investment Grade Rating from at least two (2) Rating Agencies, one (1) of which shall be

Moody's or S&P, from time to time during the Revolving Credit Period, the Borrower may, as set forth in this Section 2.2, request the Lenders during the Revolving Credit Period to make offers to make Competitive Bid Loans to the Borrower (a "COMPETITIVE BID QUOTE REQUEST"), such Competitive Bid Loan not to exceed, at such time (i) together with all Competitive Bid Loans then outstanding, fifty percent (50%) of the Maximum Revolving Credit Amount, or (ii) the Revolving Credit Availability. Subject to the provisions of this Agreement, the Borrower may repay any outstanding Competitive Bid Loan on any day which is a Business Day and any amounts so repaid may be reborrowed, up to the amount available under this Section 2.2(a) at the time of such Borrowing, until the Business Day next preceding the Revolving Credit Termination Date. The Lenders may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.2.

(b) COMPETITIVE BID QUOTE REQUEST. When the Borrower wishes to request offers to make Competitive Bid Loans under this Section, the Borrower shall transmit to the Administrative Agent by telex or facsimile transmission a Competitive Bid Quote Request substantially in the form of EXHIBIT H hereto so as to be received not later than 10:30 A.M. (New York City time) on the fourth (4th) Business Day prior to the date of Borrowing proposed therein (or such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified to the Lenders not later than the date of the Competitive Bid Quote Request for the first LIBOR Auction for which such change is to be effective) specifying:

(i) the proposed date of Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Borrowing, which shall be \$20,000,000 or a larger multiple of \$1,000,000 (which shall not exceed the Revolving Credit Availability);

(iii) the duration of the Eurodollar Interest Period applicable thereto, subject to the provisions of Section 5.2(b); and

(iv) the amount of all Competitive Bid Loans then outstanding (which, together with the requested Borrowing shall not exceed, in the aggregate, fifty percent (50%) of the Maximum Revolving Credit Amount).

The Borrower may request offers to make Competitive Bid Loans for one, two or three Eurodollar Interest Periods in a single Competitive Bid Quote Request. Borrower may not make more than two (2) Competitive Bid Quote Requests in any thirty (30) day period.

(c) INVITATION FOR COMPETITIVE BID QUOTES. Promptly upon receipt of a Competitive Bid Quote Request, the Administrative Agent shall send to the Lenders by telex or facsimile transmission an Invitation for Competitive Bid Quotes substantially in the form of EXHIBIT I hereto, which shall constitute an invitation by the Borrower to each Lender to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such competitive Bid Quote Request relates in accordance with this Section.

(d) SUBMISSION AND CONTENTS OF COMPETITIVE BID QUOTES. (i) Each Lender may submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by telex or facsimile transmission not later than 9:30 A.M. (New York City

time) on the third (3rd) Business Day prior to the proposed date of Borrowing (or such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified the Lenders not later than the date of the Competitive Bid Quote Request for the first LIBOR Auction for which such change is to be effective); PROVIDED that Competitive Bid Quotes submitted by the Person serving as the Administrative Agent (or any affiliate of the Person serving as the Administrative Agent) in the capacity of a Lender may be submitted, and may only be submitted, if the Person serving as the Administrative Agent or such affiliate notifies the Borrower of the terms of the offer or offers contained therein not later than one-quarter (1/4) hour prior to the deadline for the other Lenders. Any Competitive Bid Quote so made shall be irrevocable. Competitive Bid Loans to be funded pursuant to a Competitive Bid Quote may, as provided in Section 14.1(f), be funded by a Lender's Designated Bank. A Lender making a Competitive Bid Quote may, but shall not be required to, specify in its Competitive Bid Quote whether the related Competitive Bid Loans are intended to be funded by such Lender's Designated Bank, as provided in Section 14.1(f).

(ii) Each Competitive Bid Quote shall be in substantially the form of EXHIBIT J hereto and shall in any case specify:

(A) the proposed date of Borrowing;

(B) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Revolving Credit Commitment of the quoting Lender, (x) must be \$5,000,000 or a larger multiple of \$1,000,000 (or, if the Revolving Credit Availability then is less than \$5,000,000, such lesser amount), (y) may not exceed the principal amount of Competitive Bid Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Competitive Bid Loans for which offers being made by such quoting Lender may be accepted;

(C) the margin above or below the applicable Eurodollar Rate (the "COMPETITIVE BID MARGIN") offered for each such Competitive Bid Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such base rate offered for each Competitive Bid Loan; and

(D) the identity of the quoting Lender.

(iii) Any Competitive Bid Quote shall be disregarded if it:

(A) is not substantially in conformity with EXHIBIT J hereto or does not specify all of the information required by subsection (d)(ii) above;

(B) except as provided in subsection (d)(ii)(B)(z) above, proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or

(C) arrives after the time set forth in subsection (d)(i) above.

(e) NOTICE TO BORROWER. The Administrative Agent shall promptly notify the Borrower, of the terms (x) of any Competitive Bid Quote submitted by a Lender that is in

accordance with subsection (d) of this Section and (y) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Lender with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Borrower shall specify (A) the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Eurodollar Interest Period specified in the related Competitive Bid Quote Request, (B) the principal amounts and Competitive Bid Margins so offered and (C) if applicable, limitations on the aggregate principal amount of Competitive Bid Loans for which offers in any single Competitive Bid Quote may be accepted.

(f) ACCEPTANCE AND NOTICE BY BORROWER. Not later than 11:00 A.M. (New York City time) on the third (3rd) Business Day prior to the proposed date of Borrowing (or such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified the Lenders not later than the date of the Competitive Bid Quote Request for the first LIBOR Auction for which such change is to be effective), the Borrower shall telephonically notify the Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e) of this Section, and the Borrower shall confirm such telephonic notification in writing not later than the third (3rd) Business Day prior to the proposed date of Borrowing. In the case of acceptance, such notice (a "NOTICE OF COMPETITIVE BID BORROWING"), whether telephonic or in writing, shall specify the aggregate principal amount of offers for each Eurodollar Interest Period that are accepted and shall be accompanied by an Officer's Certificate of the Borrower with respect to compliance with (including calculation of) Sections 10.11(a) and (e). The Borrower may accept any Competitive Bid Quote in whole or in part; PROVIDED that:

(i) the aggregate principal amount of each Competitive Bid Loan Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;

(ii) the principal amount of each Competitive Bid Loan Borrowing must be \$20,000,000 or a larger multiple of \$1,000,000 (or, if the Revolving Credit Availability then is less than \$20,000,000, such lesser amount);

(iii) acceptance of offers may only be made in ascending order from those subject to the lowest Competitive Bid Margin to those subject to the highest Competitive Bid Margin, as applicable to provide to the Borrower the lowest effective cost based on offers accepted; and

(iv) the Borrower may not accept any offer that is described in subsection (d)(iii) of this Section or that otherwise fails to comply with the requirements of this Agreement.

(g) ALLOCATION BY ADMINISTRATIVE AGENT. If offers are made by two or more Lenders with the same Competitive Bid Margins for a greater aggregate principal amount than the amount in respect of which such offers are permitted to be accepted for the related Eurodollar Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Lenders as nearly as possible (in multiples of \$1,000,000, as the Administrative Agent may deem appropriate) in

proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error. The Administrative Agent shall notify the Borrower of all offers.

(h) NOTIFICATION BY ADMINISTRATIVE AGENT. Upon receipt of the Borrower's Notice of Competitive Bid Borrowing in accordance with Section 2.2(f) hereof, the Administrative Agent shall, on the date such Notice of Competitive Bid Borrowing is received by the Administrative Agent, notify each Lender of the principal amount of the Competitive Bid Loan Borrowing accepted by the Borrower and of such Lender's share (if any) of such Competitive Bid Loan Borrowing and such Notice of Competitive Bid Borrowing shall not thereafter be revocable by the Borrower. A Lender who is notified that it has been selected to make a Competitive Bid Loan may designate its Designated Bank (if any) to fund such Competitive Bid Loan on its behalf, as described in Section 14.1(f). Any Designated Bank which funds a Competitive Bid Loan shall on and after the time of such funding become the obligee under such Competitive Bid Loan and be entitled to receive payment thereof when due. No Lender shall be relieved of its obligation to fund a Competitive Bid Loan, and no Designated Bank shall assume such obligation, prior to the time the applicable Competitive Bid Loan is funded.

2.3. USE OF PROCEEDS OF LOANS AND LETTERS OF CREDIT. The proceeds of the Loans and the Letters of Credit issued for the account of the Borrower hereunder may be used for the purposes of general working capital needs of the Borrower and other general corporate purposes.

2.4. REVOLVING CREDIT TERMINATION DATE; MATURITY OF COMPETITIVE BID LOANS. (a) The Revolving Credit Commitments shall terminate, and all outstanding Revolving Credit Obligations shall be paid in full (or, in the case of unmatured Letter of Credit Obligations, provision for payment in cash shall be made to the satisfaction of the Issuing Banks actually issuing Letters of Credit and the Requisite Lenders), on the Revolving Credit Termination Date. Each Lender's obligation to make Loans shall terminate on the Business Day next preceding the Revolving Credit Termination Date.

(a) Each Competitive Bid Loan included in any Competitive Bid Loan Borrowing shall mature, and the principal amount thereof shall be due and payable, together with the accrued interest thereon, on the last day of the Eurodollar Interest Period applicable to such Borrowing.

2.5. MAXIMUM CREDIT FACILITY. Notwithstanding anything in this Agreement to the contrary, in no event shall the aggregate principal amount of Revolving Credit Obligations exceed the Maximum Revolving Credit Amount.

2.6. AUTHORIZED AGENTS. On the Closing Date and from time to time thereafter, the Borrower shall deliver to the Administrative Agent an Officer's Certificate setting forth the names of the employees and agents authorized to request Loans and Letters of Credit and to request a conversion/continuation of any Loan and containing a specimen signature of each such employee or agent. The employees and agents so authorized shall also be authorized to act for the Borrower in respect of all other matters relating to the Loan Documents. The Administrative Agent, each Documentation Agent, the Syndication Agent, the Arrangers, the Lenders and any Issuing Bank shall be entitled to rely conclusively on such employee's or agent's authority to request such Loan or Letter of Credit or such conversion/continuation until the Administrative Agent and the Arrangers receive written notice to the contrary. Neither the Administrative Agent nor the

Arrangers shall have any duty to verify the authenticity of the signature appearing on any written Notice of Borrowing or Notice of Conversion/Continuation or any other document, and, with respect to an oral request for such a Loan or Letter of Credit or such conversion/continuation, the Administrative Agent and the Arrangers shall have no duty to verify the identity of any person representing himself or herself as one of the employees or agents authorized to make such request or otherwise to act on behalf of the Borrower. None of the Administrative Agent, the Arrangers or the Lenders shall incur any liability to the Borrower or any other Person in acting upon any telephonic or facsimile notice referred to above which the Administrative Agent or the Arrangers believe to have been given by a person duly authorized to act on behalf of the Borrower and the Borrower hereby indemnifies and holds harmless the Administrative Agent, the Arrangers and each Lender from any loss or expense the Administrative Agent, the Arrangers or the Lenders might incur in acting in good faith as provided in this Section 2.6; provided, however, that Borrower shall not indemnify the applicable party for acts resulting from its own gross negligence or willful misconduct.

ARTICLE III.
LETTERS OF CREDIT

3.1. LETTERS OF CREDIT. Subject to the terms and conditions set forth in this Agreement, including, without limitation, Section 3.1(c)(ii), each Issuing Bank hereby severally agrees to issue for the account of the Borrower one or more Letters of Credit, subject to the following provisions:

(a) TYPES AND AMOUNTS. An Issuing Bank shall not have any obligation to issue, amend or extend, and shall not issue, amend or extend, any Letter of Credit at any time:

(i) if the aggregate Letter of Credit Obligations with respect to such Issuing Bank, after giving effect to the issuance, amendment or extension of the Letter of Credit requested hereunder, shall exceed any limit imposed by law or regulation upon such Issuing Bank;

(ii) if, immediately after giving effect to the issuance, amendment or extension of such Letter of Credit, (1) the Letter of Credit Obligations at such time would exceed \$100,000,000 or (2) the Revolving Credit Obligations at such time would exceed the Maximum Revolving Credit Amount at such time, or (3) one or more of the conditions precedent contained in Sections 6.1 or 6.2, as applicable, would not on such date be satisfied, unless such conditions are thereafter satisfied and written notice of such satisfaction is given to such Issuing Bank by the Administrative Agent (and such Issuing Bank shall not otherwise be required to determine that, or take notice whether, the conditions precedent set forth in Sections 6.1 or 6.2, as applicable, have been satisfied);

(iii) which has an expiration date later than the earlier of (A) the date one (1) year after the date of issuance (without regard to any automatic renewal provisions thereof) or (B) ten Business Days preceding the scheduled Revolving Credit Termination Date; or

(iv) which is in a currency other than Dollars.

(b) CONDITIONS. In addition to being subject to the satisfaction of the conditions precedent contained in Sections 6.1 and 6.2, as applicable, the obligation of an Issuing

Bank to issue, amend or extend any Letter of Credit is subject to the satisfaction in full of the following conditions:

(i) if the Issuing Bank so requests, the Borrower shall have executed and delivered to such Issuing Bank and the Administrative Agent a Letter of Credit Reimbursement Agreement and such other documents and materials as may be required pursuant to the terms thereof; and

(ii) the terms of the proposed Letter of Credit shall be satisfactory to the Issuing Bank in its sole discretion.

(c) ISSUANCE OF LETTERS OF CREDIT. (i) The Borrower shall give the Administrative Agent written notice that it requires the issuance a Letter of Credit not later than 11:00 a.m. (New York time) on the third (3rd) Business Day preceding the requested date for issuance thereof under this Agreement. Such notice shall be irrevocable unless and until such request is denied by the Issuing Bank and such request shall specify (A) that the requested Letter of Credit is either a Commercial Letter of Credit or a Standby Letter of Credit, (B) the stated amount of the Letter of Credit requested, (C) the effective date (which shall be a Business Day) of issuance of such Letter of Credit, (D) the date on which such Letter of Credit is to expire (which shall be a Business Day and no later than ten (10) Business Days preceding the scheduled Revolving Credit Termination Date), (E) the Person for whose benefit such Letter of Credit is to be issued, (F) other relevant terms of such Letter of Credit, (G) the Revolving Credit Availability at such time, and (H) the amount of the then outstanding Letter of Credit Obligations. Such request shall be accompanied by an Officer's Certificate of the Borrower with respect to compliance with (and calculation of) Sections 10.11(a) and (e).

(i) The Issuing Bank shall give the Administrative Agent written notice, or telephonic notice confirmed promptly thereafter in writing, of the issuance, amendment or extension of a Letter of Credit (which notice the Administrative Agent shall promptly transmit by telegram, facsimile transmission, or similar transmission to the Borrower and each Lender).

(d) Reimbursement Obligations; Duties of Issuing Bank and other Lenders; Funding of a Loan.

(i) Notwithstanding any provisions to the contrary in any Letter of Credit Reimbursement Agreement:

(A) the Borrower shall reimburse each Issuing Bank for amounts drawn under its Letter of Credit, in Dollars, no later than the date (the "REIMBURSEMENT DATE") which is the earlier of (I) the time specified in the applicable Letter of Credit Reimbursement Agreement and (II) the date that payment has been made under such Letter of Credit by such Issuing Bank; and

(B) all Reimbursement Obligations with respect to any Letter of Credit shall bear interest at the rate applicable to Base Rate Loans in accordance with Section 5.1(a) from the date of the relevant drawing under such Letter of Credit until the Reimbursement Date and thereafter at the rate applicable to Base Rate Loans in accordance with Section 5.1(d).

(ii) Each Issuing Bank shall give the Administrative Agent written notice, or telephonic notice confirmed promptly thereafter in writing, of all drawings under a Letter of Credit and the payment (or the failure to pay when due) by the Borrower on account of a Reimbursement Obligation (which notice the Administrative Agent shall promptly transmit by telegram, facsimile transmission or similar transmission to each Lender).

(iii) Solely as between the applicable Issuing Bank and the other Lenders, in determining whether to pay under any Letter of Credit, such Issuing Bank shall have no obligation to the other Lenders other than to confirm that any documents required to be delivered under a respective Letter of Credit appear to have been delivered and that they appear on their face to comply with the requirements of such Letter of Credit.

(iv) If any draft shall be presented or other demand for payment shall be made under any Letter of Credit, the applicable Issuing Bank shall notify the Administrative Agent (and the Administrative Agent shall notify the Borrower and the Lenders) of the date and amount of the draft presented or demand for payment and of the date and time when it expects to pay such draft or honor such demand for payment, and, except as provided in this Section 3.1(d)(iv), the Borrower shall reimburse such Issuing Bank, as set forth in Section 3.1(d)(i) above. Notwithstanding anything contained in Section 3.1(d)(i) above or this Section 3.1(d)(iv) to the contrary, however, unless the Borrower shall have notified the Administrative Agent and the applicable Issuing Bank prior to 11:00 a.m. (New York time) on the Business Day immediately prior to the date of such drawing that the Borrower intends to reimburse such Issuing Bank for the amount of such drawing with funds other than the proceeds of Committed Loans, the Borrower shall be deemed to have timely given a Notice of Borrowing pursuant to Section 2.1(c) to the Administrative Agent, requesting a Base Rate Loan on the date on which such drawing is honored and in an amount equal to the amount of such drawing. The Borrower may thereafter convert any such Base Rate Loan in accordance with Section 5.1(c). Each Lender shall, in accordance with Section 2.1(d), make available such Lender's Pro Rata Share of such Borrowing to the Administrative Agent, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for the amount of such draw. In the event that any Lender fails to make available to the Administrative Agent the amount of such Lender's Pro Rata Share of such Borrowing on the date of the drawing, the Administrative Agent shall be entitled to recover such amount on demand from such Lender plus any additional amounts payable under Section 2.1(d)(ii) in the event of a late funding by a Lender.

(e) PARTICIPATIONS. (i) Immediately upon issuance by an Issuing Bank of any Letter of Credit in accordance with the procedures set forth in this Section 3.1, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from that Issuing Bank, without recourse or warranty, an undivided interest and participation in such Letter of Credit to the extent of such Lender's Pro Rata Share, including, without limitation, all obligations of the Borrower with respect thereto (other than amounts owing to that Issuing Bank under Section 3.1) and any security therefor and guaranty pertaining thereto.

(ii) If any Issuing Bank makes any payment under any Letter of Credit and the Borrower does not repay such amount to that Issuing Bank on the Reimbursement Date and a Base Rate Loan has not been made with respect to such payment pursuant to Section 3.1(d)(iv), that Issuing Bank shall promptly notify the Administrative Agent, which shall promptly notify each other Lender, and each Lender shall promptly and unconditionally pay to the Administrative

Agent for the account of such Issuing Bank, in immediately available funds, the amount of such Lender's Pro Rata Share of such payment (net of that portion of such payment, if any, made by such Issuing Bank in its capacity as an issuer of a Letter of Credit), and the Administrative Agent shall promptly pay to such Issuing Bank such amounts received by it, and any other amounts received by the Administrative Agent for such Issuing Bank's account, pursuant to this Section 3.1(e). If a Lender does not make its Pro Rata Share of the amount of such payment available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent for the account of the Issuing Bank, forthwith on demand, such amount together with interest thereon at the interest rate then applicable to Base Rate Loans in accordance with Section 5.1(a). The failure of any Lender to make available to the Administrative Agent for the account of an Issuing Bank its Pro Rata Share of any such payment shall neither relieve any other Lender of its obligation hereunder to make available to the Administrative Agent for the account of such Issuing Bank such other Lender's Pro Rata Share of any payment on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Administrative Agent. Notwithstanding anything to the contrary set forth herein, the aggregate amount to be paid by any Lender with respect to any drawing under a Letter of Credit (whether as a payment pursuant to this Section 3.1(e) or as a Loan pursuant to Section 3.1(d)(iv)) shall not exceed its Pro Rata Share of such drawing.

(iii) Whenever an Issuing Bank receives a payment on account of a Reimbursement Obligation, including any interest thereon, as to which the Administrative Agent has previously received payments from any other Lender for the account of such Issuing Bank pursuant to this Section 3.1(e), such Issuing Bank shall promptly pay to the Administrative Agent and the Administrative Agent shall promptly pay to each other Lender an amount equal to such other Lender's Pro Rata Share thereof. Each such payment shall be made by such reimbursed Issuing Bank or the Administrative Agent, as the case may be, on the Business Day on which such Person receives the funds paid to such Person pursuant to the preceding sentence, if received prior to 11:00 a.m. (New York time) on such Business Day, and otherwise on the next succeeding Business Day.

(iv) The Issuing Banks shall promptly furnish the Lenders copies of any Letter of Credit, Letter of Credit Reimbursement Agreement, and related amendment to which such Issuing Bank is party and such other documentation as may be deemed reasonable.

(v) The obligations of a Lender to make payments to the Administrative Agent for the account of any Issuing Bank with respect to a Letter of Credit shall be irrevocable, shall not be subject to any qualification or exception whatsoever except willful misconduct or gross negligence of such Issuing Bank, and shall be honored in accordance with this Article III (irrespective of the satisfaction of the conditions described in Sections 6.1 and 6.2, as applicable) under all circumstances, including, without limitation, any of the following circumstances:

(A) any lack of validity or enforceability of this Agreement or any of the other Loan Documents;

(B) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit or any transferee of a beneficiary named in a Letter of Credit (or any Person for whom any such transferee may be acting), any Lender, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any

underlying transactions between the account party and beneficiary named in any Letter of Credit);

(C) any draft, certificate or any other document presented under any Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(D) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents;

(E) any failure by that Issuing Bank to make any reports required pursuant to Section 3.1(h) or the inaccuracy of any such report; or

(F) the occurrence of any Event of Default or Potential Event of Default.

(f) PAYMENT OF REIMBURSEMENT OBLIGATIONS. (i) The Borrower unconditionally agrees to pay to each Issuing Bank, in Dollars, the amount of all Reimbursement Obligations, interest and other amounts payable to such Issuing Bank under or in connection with the Letters of Credit when such amounts are due and payable, irrespective of any claim, setoff, defense or other right which the Borrower may have at any time against any Issuing Bank or any other Person.

(ii) In the event any payment by the Borrower received by an Issuing Bank with respect to a Letter of Credit and distributed by the Administrative Agent to the Lenders on account of their participations is thereafter set aside, avoided or recovered from such Issuing Bank in connection with any receivership, liquidation or bankruptcy proceeding, each Lender which received such distribution shall, upon demand by such Issuing Bank, contribute such Lender's Pro Rata Share of the amount set aside, avoided or recovered together with interest at the rate required to be paid by such Issuing Bank upon the amount required to be repaid by it.

(g) LETTER OF CREDIT FEE CHARGES. In connection with each Letter of Credit, Borrower hereby covenants to pay to the Administrative Agent the following fees each payable quarterly in arrears (on the first Business Day of each calendar quarter following the issuance of each Letter of Credit): (1) a fee for the account of the Lenders, computed daily on the amount of such Letter of Credit issued and outstanding at a rate per annum equal to the "BANKS' L/C FEE RATE" (as hereinafter defined) and (2) a fee, for the Issuing Bank's own account, computed daily on the amount of such Letter of Credit issued and outstanding at a rate per annum equal to 0.125%. For purposes of this Agreement, the "Banks' L/C Fee Rate" shall mean, at any time, a rate per annum equal to the Applicable Margin for Eurodollar Rate Loans then in effect. In addition, the Borrower shall pay to each Issuing Bank, solely for its own account, the standard charges assessed by such Issuing Bank in connection with the issuance, administration, amendment and payment or cancellation of Letters of Credit and such compensation in respect of such Letters of Credit for the Borrower's account as may be agreed upon by the Borrower and such Issuing Bank in writing from time to time.

(h) LETTER OF CREDIT REPORTING REQUIREMENT. Each Issuing Bank shall, no later than the tenth (10th) Business Day following the last day of each calendar quarter, provide to the Administrative Agent (who shall promptly provide to the Borrower and each other Lender)

separate schedules for Commercial Letters of Credit and Standby Letters of Credit issued as Letters of Credit, in form and substance reasonably satisfactory to the Administrative Agent, setting forth the aggregate Letter of Credit Obligations outstanding to it at the end of each month and, to the extent not otherwise provided in accordance with the provisions of Section 3.1(c), any information requested by the Administrative Agent or the Borrower relating to the date of issue, account party, amount, expiration date and reference number of each Letter of Credit issued by it.

(i) INDEMNIFICATION; EXONERATION. (i) In addition to all other amounts payable to an Issuing Bank, the Borrower hereby agrees to defend, indemnify, and save harmless the Administrative Agent, each Issuing Bank, and each other Lender from and against any and all claims, demands, liabilities, penalties, damages, losses (other than loss of profits), reasonable costs, reasonable charges and reasonable expenses (including reasonable attorneys' fees but excluding taxes) which the Administrative Agent, the Issuing Banks, or such other Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of Credit other than as a result of the gross negligence or willful misconduct of the applicable Issuing Bank, as determined by a court of competent jurisdiction, or (B) the failure of the applicable Issuing Bank to honor a drawing under such Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future DE JURE or DE FACTO government or Governmental Authority.

(ii) As between the Borrower on the one hand and the Lenders on the other hand, the Borrower assumes all risks of the acts and omissions of, or misuse of Letters of Credit by, the respective beneficiaries of the Letters of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the Letter of Credit Reimbursement Agreements, the Administrative Agent, the applicable Issuing Bank and the other Lenders shall not be responsible for: (A) the form, validity, legality, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity, legality or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of a Letter of Credit to duly comply with conditions required in order to draw upon such Letter of Credit; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) errors in interpretation of technical terms; (F) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof; (G) the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (H) any consequences arising from causes beyond the control of the Administrative Agent, the Issuing Banks or the other Lenders, other than any of the foregoing resulting from the gross negligence or willful misconduct of the Issuing Bank.

3.2. OBLIGATIONS SEVERAL. The obligations of the Administrative Agent, each Issuing Bank, and each other Lender under this Article III are several and not joint, and no Issuing Bank or other Lender shall be responsible for the obligation to issue Letters of Credit or participation obligations hereunder, respectively, of any other Issuing Bank or other Lender.

ARTICLE IV.
PAYMENTS AND PREPAYMENTS

4.1. PREPAYMENTS; REDUCTIONS IN REVOLVING CREDIT COMMITMENTS.

(a) VOLUNTARY PREPAYMENTS. The Borrower may, at any time and from time to time, prepay the Loans, other than Competitive Bid Loans, in part or in their entirety, subject to the following limitations. The Borrower shall give at least three (3) Business Days prior written notice to the Administrative Agent (which the Administrative Agent shall promptly transmit to each Lender) of any prepayment in the entirety to be made prior to the occurrence of an Event of Default, which notice of prepayment shall specify the date (which shall be a Business Day) of prepayment. When notice of prepayment is delivered as provided herein, the outstanding principal amount of the Loans on the prepayment date specified in such notice shall become due and payable on such prepayment date. Each voluntary partial prepayment of the Loans shall be in a minimum amount of \$1,000,000 and in integral multiples of \$500,000 in excess of that amount (or such lesser amount in the event the unpaid principal amount of any Loan is less than such minimum prepayment amount). Eurodollar Rate Loans may be prepaid in part or in their entirety only upon payment of the amounts described in Section 5.2(f). Notwithstanding anything contained in this Agreement to the contrary, Competitive Bid Loans may not be voluntarily prepaid without the consent of the Lender(s) making such Competitive Bid Loans.

(b) VOLUNTARY REDUCTIONS IN REVOLVING CREDIT COMMITMENTS. The Borrower may, upon at least three (3) Business Days' prior written notice to the Administrative Agent (which the Administrative Agent shall promptly transmit to each Lender), at any time and from time to time, terminate in whole or permanently reduce in part the Revolving Credit Commitments, PROVIDED that (i) the Borrower shall have made whatever payment may be required to reduce the Revolving Credit Obligations to an amount less than or equal to the Revolving Credit Commitments as reduced, which amount shall become due and payable on the date specified in such notice and (ii) in the case of a reduction, the minimum Revolving Credit Commitments that shall remain outstanding shall be \$100,000,000 unless the Revolving Credit Commitments have been terminated and reduced to zero. Any partial reduction of the Revolving Credit Commitments shall be in an aggregate minimum amount of \$1,000,000 and integral multiples of \$1,000,000 in excess of that amount, and shall reduce the Revolving Credit Commitment of each Lender proportionately in accordance with its Pro Rata Share. Any notice of termination or reduction given to the Administrative Agent under this Section 4.1(b) shall specify the date (which shall be a Business Day) of such termination or reduction and, with respect to a partial reduction, the aggregate principal amount thereof.

(c) NO PENALTY. The prepayments and payments in respect of reductions and terminations described in clauses (a) and (b) of this Section 4.1 may be made without premium or penalty (except as provided in Section 5.2(f)).

(d) MANDATORY PREPAYMENT. If at any time from and after the Closing Date: (i) the Company or the Borrower merges or consolidates with another Person and the Company or Borrower, as the case may be, is not the surviving entity and does not control the management of such surviving entity, or (ii) the Company, the Borrower, any of its Affiliates or Consolidated Subsidiaries or the Management Company ceases to provide property management and leasing services to at least 80% of the total number of Projects in which the Borrower has a direct ownership interest (the date any such event shall occur being the "PREPAYMENT DATE"), the Borrower shall be required to prepay the Loans in their entirety as if the Prepayment Date were

the Revolving Credit Termination Date and, the Revolving Credit Commitments thereupon shall be terminated. The Borrower shall immediately make such prepayment together with interest accrued to the date of the prepayment on the principal amount prepaid and shall return or cause to be returned all Letters of Credit to the applicable Issuing Bank. In connection with the prepayment of any Loan prior to the maturity thereof, the Borrower shall also pay any applicable expenses pursuant to Section 5.2(f). Each such prepayment shall be applied to prepay ratably the Loans of the Lenders. Amounts prepaid pursuant to this Section 4.1(d) (other than amounts prepaid pursuant to the first sentence of this Section 4.1(d)) may not be reborrowed. As used in this Section 4.1(d) only, the phrase "sale, transfer, assignment or conveyance" shall not include (i) sales or conveyances among Borrower and any of its Consolidated Subsidiaries, or (ii) mortgages or other security interests secured by Real Property or other Property which are permitted under this Agreement. Such prepayment shall not affect any rights and remedies that the Agents and Lenders may otherwise have hereunder.

4.2. PAYMENTS.

(a) MANNER AND TIME OF PAYMENT. All payments of principal of and interest on the Loans and Reimbursement Obligations and other Obligations (including, without limitation, fees and expenses) which are payable to the Administrative Agent, the Arrangers or any Lender shall be made without condition or reservation of right, in immediately available funds, delivered to the Administrative Agent not later than 12:00 noon (New York time) on the date and at the place due, to such account of the Administrative Agent (or an Arranger) as it may designate, for the account of the Administrative Agent, the Arrangers, or such Lender, as the case may be; and funds received by the Administrative Agent (or an Arranger), including, without limitation, funds in respect of any Loans to be made on that date, not later than 12:00 noon (New York time) on any given Business Day shall be credited against payment to be made that day and funds received by the Administrative Agent (or an Arranger) after that time shall be deemed to have been paid on the next succeeding Business Day. Payments actually received by the Administrative Agent for the account of a Documentation Agent, the Syndication Agent and the Lenders, or any of them, shall be paid to them by the Administrative Agent promptly after receipt thereof.

(b) APPORTIONMENT OF PAYMENTS. (i) Subject to the provisions of Section 4.2(b)(v), all payments of principal and interest in respect of outstanding Loans, all payments in respect of Reimbursement Obligations, all payments of fees and all other payments in respect of any other Obligations, shall be allocated among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein. Subject to the provisions of Section 4.2(b)(ii), all such payments and any other amounts received by the Administrative Agent from or for the benefit of the Borrower shall be applied in the following order:

(A) to pay principal of and interest on any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender other than JPMorgan for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower;

(B) to pay all other Obligations then due and payable, and

(C) as the Borrower so designates.

Unless otherwise designated by the Borrower, all principal payments in respect of its Committed Loans shall be applied first, to repay its outstanding Base Rate Loans, and then to repay its outstanding Eurodollar Rate Loans with those Eurodollar Rate Loans which have earlier expiring Eurodollar Interest Periods being repaid prior to those which have later expiring Eurodollar Interest Periods.

(ii) After the occurrence of an Event of Default and while the same is continuing which results in an acceleration of the Obligations in accordance with Section 11.2, the Administrative Agent shall apply all payments in respect of any Obligations in the following order:

(A) first, to pay principal of and interest on any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender other than JPMorgan for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower;

(B) second, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Administrative Agent;

(C) third, to pay principal of and interest on Letter of Credit Obligations (or, to the extent such Obligations are contingent, deposited with the Administrative Agent to provide cash collateral in respect of such Obligations);

(D) fourth, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Lenders;

(E) fifth, to pay interest due in respect of Loans;

(F) sixth, to the ratable payment or prepayment of principal outstanding on Loans; and

(G) seventh, to the ratable payment of all other Obligations.

The order of priority set forth in this Section 4.2(b)(ii) and the related provisions of this Agreement are set forth solely to determine the rights and priorities of the Administrative Agent and the Lenders as among themselves. The order of priority set forth in clauses (A) and (B) of this Section 4.2(b)(ii) may be changed only with the prior written consent of the Administrative Agent.

(iii) The Administrative Agent, in its sole discretion subject only to the terms of this Section 4.2(b)(iii), may pay from the proceeds of Loans made to the Borrower hereunder, whether made following a request by the Borrower pursuant to Section 2.1 or a deemed request as provided in this Section 4.2(b)(iii), all amounts payable by the Borrower hereunder, including, without limitation, amounts payable with respect to payments of principal, interest, Reimbursement Obligations and fees. The Borrower hereby irrevocably authorizes the Lenders to make Loans, which Loans shall be Base Rate Loans, in each case, upon notice from the Administrative Agent as described in the following sentence for the purpose of paying principal, interest, Reimbursement Obligations and fees due from the Borrower, and agrees that all such Loans so made shall be deemed to have been requested by it pursuant to Section 2.1 as of the date of the

aforementioned notice. The Administrative Agent shall request Loans on behalf of the Borrower as described in the preceding sentence by notifying the Lenders by facsimile transmission or other similar written form of transmission (which notice the Administrative Agent shall thereafter promptly transmit to the Borrower), of the amount and Funding Date of the proposed Borrowing and that such Borrowing is being requested on the Borrower's behalf pursuant to this Section 4.2(b)(iii). On the proposed Funding Date, the Lenders shall make the requested Loans in accordance with the procedures and subject to the conditions specified in Section 2.1.

(iv) Subject to Section 4.2(b)(v), the Administrative Agent shall promptly distribute to the Arrangers and each Lender at its primary address set forth on SCHEDULE LC hereto or as set forth in the Assignment and Acceptance by which it became a Lender, or at such other address as a Lender may request in writing, such funds as such Person may be entitled to receive, subject to the provisions of Article XII; provided that the Administrative Agent shall under no circumstances be bound to inquire into or determine the validity, scope or priority of any interest or entitlement of any Lender and may suspend all payments or seek appropriate relief (including, without limitation, instructions from the Requisite Lenders or an action in the nature of interpleader) in the event of any doubt or dispute as to any apportionment or distribution contemplated hereby.

(v) In the event that any Lender fails to fund its Pro Rata Share of any Loan requested by the Borrower which such Lender is obligated to fund under the terms of this Agreement (the funded portion of such Loan being hereinafter referred to as a "NON PRO RATA LOAN"), until the earlier of such Lender's cure of such failure and the termination of the Revolving Credit Commitments, the proceeds of all amounts thereafter repaid to the Administrative Agent by the Borrower and otherwise required to be applied to such Lender's share of all other Obligations pursuant to the terms of this Agreement shall be advanced to the Borrower by the Administrative Agent on behalf of such Lender to cure, in full or in part, such failure by such Lender, but shall nevertheless be deemed to have been paid to such Lender in satisfaction of such other Obligations. Notwithstanding anything in this Agreement to the contrary:

(A) the foregoing provisions of this Section 4.2(b)(v) shall apply only with respect to the proceeds of payments of Obligations and shall not affect the conversion or continuation of Loans pursuant to Section 5.1(c);

(B) a Lender shall be deemed to have cured its failure to fund its Pro Rata Share of any Loan at such time as an amount equal to such Lender's original Pro Rata Share of the requested principal portion of such Loan is fully funded to the Borrower, whether made by such Lender itself or by operation of the terms of this Section 4.2(b)(v), and whether or not the Non Pro Rata Loan with respect thereto has been repaid, converted or continued;

(C) amounts advanced to the Borrower to cure, in full or in part, any such Lender's failure to fund its Pro Rata Share of any Loan ("CURE LOANS") shall bear interest at the Base Rate in effect from time to time, and for all other purposes of this Agreement shall be treated as if they were Base Rate Loans; and

(D) regardless of whether or not an Event of Default has occurred or is continuing, and notwithstanding the instructions of the Borrower as to its desired application, all repayments of principal which, in accordance with the other terms of this Section 4.2, would be applied to its outstanding Base Rate Loans shall be applied first, ratably to its Base Rate Loans constituting Non Pro Rata Loans, second, ratably to its Base Rate Loans other than those constituting Non Pro Rata Loans or Cure Loans and, third, ratably to its Base Rate Loans constituting Cure Loans.

(c) PAYMENTS ON NON-BUSINESS DAYS. Whenever any payment to be made by the Borrower hereunder or under the Notes is stated to be due on a day which is not a Business Day, the payment shall instead be due on the next succeeding Business Day (or, as set forth in Section 5.2(b)(iv), the next preceding Business Day).

4.3. PROMISE TO REPAY; EVIDENCE OF INDEBTEDNESS.

(a) PROMISE TO REPAY. The Borrower hereby agrees to pay when due, without setoff or counterclaim, the principal amount of each Loan which is made to it, and further agrees to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and the Notes. The Borrower shall execute and deliver to each Lender on the Closing Date, a promissory note, in the form of EXHIBIT B-1 attached hereto with blanks appropriately completed, evidencing the Loans and thereafter shall execute and deliver such other promissory notes as are necessary to evidence the Loans made to it owing to the Lenders after giving effect to any assignment thereof pursuant to Section 14.1, all in the form of EXHIBIT B-1 attached hereto with blanks appropriately completed (all such promissory notes and all amendments thereto, replacements thereof and substitutions therefor being collectively referred to as the "BORROWER NOTES"; and "BORROWER NOTE" means any one of the Borrower Notes).

(b) LOAN ACCOUNT. Each Lender shall maintain in accordance with its usual practice an account or accounts (a "LOAN ACCOUNT") evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan owing to such Lender from time to time, including the amount of principal and interest payable and paid to such Lender from time to time hereunder and under the Notes.

(c) CONTROL ACCOUNT. The Register maintained by the Administrative Agent pursuant to Section 14.1(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the type of Loan comprising such Borrowing and any Eurodollar Interest Period applicable thereto, (ii) the effective date and amount of each Assignment and Acceptance delivered to and accepted by it and the parties thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder or under the Notes and (iv) the amount of any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

(d) ENTRIES BINDING. The entries made in the Register and each Loan Account shall be conclusive and binding for all purposes, absent manifest error.

(e) NO RECOURSE. Notwithstanding anything contained in this Agreement, any Note, or the Guaranties to the contrary, it is expressly understood and agreed that nothing herein or therein shall be construed as creating any liability on any Limited Partner, or any partner, officer, shareholder or director of any Limited Partner or any officer, trustee, member, director, or employee of the Borrower or any Guarantor, to pay any of the Obligations other than liability arising under applicable law from or in connection with (i) its own fraud or (ii) the misappropriation or misapplication by it of proceeds of the Loans; but nothing contained in this Section 4.3(e) shall be construed to prevent the exercise of any remedy allowed to the Administrative Agent, the Arrangers or the Lenders by law or by the terms of this Agreement or the other Loan Documents which does not relate to or result in such an obligation by any Limited Partner or such other Persons to pay money.

ARTICLE V.
INTEREST AND FEES

5.1. INTEREST ON THE LOANS AND OTHER OBLIGATIONS.

(a) RATE OF INTEREST. All Loans and the outstanding principal balance of all other Obligations shall bear interest on the unpaid principal amount thereof from the date such Loans are made and such other Obligations are due and payable until paid in full, except as otherwise provided in Section 5.1(d), as follows:

(i) If a Base Rate Loan or such other Obligation, at a rate per annum equal to the sum of (A) the Base Rate, as in effect from time to time as interest accrues, PLUS (B) the then Applicable Margin for Base Rate Loans;

(ii) If a Eurodollar Rate Loan, at a rate per annum equal to the sum of (A) the Eurodollar Rate determined for the applicable Eurodollar Interest Period, PLUS (B) the then Applicable Margin for Eurodollar Loans; and

(iii) If a Competitive Bid Loan, at a rate per annum equal to the sum of (A) the Eurodollar Rate determined for the applicable Eurodollar Interest Period (determined as if the related Competitive Bid Loan were a Committed Loan which is Eurodollar Rate Loan) PLUS (B) the Competitive Bid Margin quoted by the Lender making such Competitive Bid Loan in accordance with Section 2.2.

The applicable basis for determining the rate of interest on the Loans shall be selected by the Borrower at the time a Notice of Borrowing or a Notice of Conversion/Continuation is delivered by the Borrower to the Administrative Agent; PROVIDED, HOWEVER, the Borrower may not select the Eurodollar Rate as the applicable basis for determining the rate of interest on such a Loan if at the time of such selection an Event of Default has occurred and is continuing or if Eurodollar Rate Loans are not available pursuant to Section 5.2(d) or (e). If on any day any Loan is outstanding with respect to which notice has not been timely delivered to the Administrative Agent in accordance with the terms of this Agreement specifying the basis for determining the rate of interest on that day, then for that day interest on that Loan shall be determined by reference to the Base Rate.

(b) INTEREST PAYMENTS. (i) Interest accrued on each Loan, whether a Base Rate Loan, a Eurodollar Loan or a Competitive Bid Loan shall be calculated on the last day of each calendar month and shall be payable in arrears (A) on the first day of each calendar month,

commencing on the first such day following the making of such Loan, and on the last day of the applicable Eurodollar Interest Period with respect to a Competitive Bid Loan, (B) upon the payment or prepayment thereof in full or in part, and (C) if not theretofore paid in full, at maturity (whether by acceleration or otherwise) of such Loan.

(ii) Interest accrued on the principal balance of all other Obligations shall be calculated on the last day of each calendar month and shall be payable in arrears (A) on the first (1st) Business Day of each calendar month, commencing on the first such day following the incurrence of such Obligation, (B) upon repayment thereof in full or in part, and (C) if not theretofore paid in full, at the time such other Obligation becomes due and payable (whether by acceleration or otherwise).

(c) CONVERSION OR CONTINUATION. (i) The Borrower shall have the option (A) to convert at any time all or any part of outstanding Base Rate Loans to Eurodollar Rate Loans; (B) to convert all or any part of outstanding Eurodollar Rate Loans having Eurodollar Interest Periods which expire on the same date to Base Rate Loans on such expiration date; or (C) to continue all or any part of outstanding Eurodollar Rate Loans having Eurodollar Interest Periods which expire on the same date as Eurodollar Rate Loans, and the succeeding Eurodollar Interest Period of such continued Loans shall commence on such expiration date; PROVIDED, HOWEVER, no such outstanding Loan may be continued as, or be converted into, a Eurodollar Rate Loan (i) if the continuation of, or the conversion into, would violate any of the provisions of Section 5.2 or (ii) if an Event of Default has occurred and is continuing. Any conversion into or continuation of Eurodollar Rate Loans under this Section 5.1(c) shall be in a minimum amount of \$3,000,000 and in integral multiples of \$500,000 in excess of that amount, except in the case of a conversion into or a continuation of an entire Borrowing of Non Pro Rata Loans.

(ii) To convert or continue a Committed Loan under Section 5.1(c)(i), the Borrower shall deliver a Notice of Conversion/Continuation to the Administrative Agent no later than 11:00 a.m. (New York time) at least three (3) Business Days in advance of the proposed conversion/continuation date. A Notice of Conversion/Continuation shall specify (A) the proposed conversion/continuation date (which shall be a Business Day), (B) the principal amount of the Committed Loan to be converted/continued, (C) whether such Loan shall be converted and/or continued, and (D) in the case of a conversion to, or continuation of, a Eurodollar Rate Loan, the requested Eurodollar Interest Period. Promptly after receipt of a Notice of Conversion/Continuation under this Section 5.1(c)(ii), the Administrative Agent shall notify each Lender by facsimile transmission, or other similar written form of transmission, of the proposed conversion/continuation. Any Notice of Conversion/Continuation for conversion to, or continuation of, a Loan (or telephonic notice in lieu thereof) given pursuant to this Section 5.1(c)(ii) shall be irrevocable, and the Borrower shall be bound to convert or continue in accordance therewith. In the event no Notice of Conversion/Continuation is delivered as and when specified in this Section 5.1(c)(ii) with respect to outstanding Eurodollar Rate Loans, upon the expiration of the Eurodollar Interest Period applicable thereto, such Loans shall automatically be converted to a Base Rate Loan.

(d) DEFAULT INTEREST. Notwithstanding the rates of interest specified in Section 5.1(a) or elsewhere in this Agreement, effective immediately upon the occurrence of an Event of Default, and for as long thereafter as such Event of Default shall be continuing, the principal balance of all Loans and other Obligations shall bear interest at a rate equal to (A) in the case of any Eurodollar Rate Loans outstanding as of the date of occurrence of any Event of Default, the sum of (x) the applicable Eurodollar Rate, PLUS (y) six percent (6.0%) per annum, and

(B) in the case of any Base Rate Loan (including any Eurodollar Loan that is converted to a Base Rate Loan at maturity) the sum of (x) the Base Rate, as in effect from time to time as interest accrues, PLUS (y) five percent (5.0%) per annum.

(e) COMPUTATION OF INTEREST. Interest on all obligations shall be computed on the basis of the actual number of days elapsed in the period during which interest accrues and a year of 360 days. In computing interest on any Loan, the date of the making of such Loan or the first day of a Eurodollar Interest Period, as the case may be, shall be included and the date of payment or the expiration date of a Eurodollar Interest Period, as the case may be, shall be excluded.

(f) EURODOLLAR RATE INFORMATION. Upon the request of the Borrower, the Administrative Agent shall promptly provide to the Borrower such information with respect to the applicable Eurodollar Rate as may be so requested.

5.2. SPECIAL PROVISIONS GOVERNING EURODOLLAR RATE LOANS AND COMPETITIVE BID LOANS.

(a) AMOUNT OF EURODOLLAR RATE LOANS. Each Eurodollar Rate Loan shall be in a minimum principal amount of \$3,000,000 and in integral multiples of \$500,000 in excess of that amount.

(b) DETERMINATION OF EURODOLLAR INTEREST PERIOD. By giving notice as set forth in Section 2.1(c) (with respect to a Borrowing of Eurodollar Rate Loans), Section 2.2 (with respect to a Borrowing of Competitive Bid Loans) or Section 5.1(c) (with respect to a conversion into or continuation of Eurodollar Rate Loans), the Borrower shall have the option, subject to the other provisions of this Section 5.2, to select an interest period (each, a "EURODOLLAR INTEREST PERIOD") to apply to the Loans described in such notice, subject to the following provisions:

(i) The Borrower may only select, as to a particular Borrowing of Eurodollar Rate Loans, a Eurodollar Interest Period of one, two, three or six months in duration;

(ii) The Borrower may only select, as to a particular Borrowing of Competitive Bid Loans, a Eurodollar Interest Period of one, two, or three months in duration;

(iii) In the case of immediately successive Eurodollar Interest Periods applicable to a Borrowing of Eurodollar Rate Loans, each successive Eurodollar Interest Period shall commence on the day on which the next preceding Eurodollar Interest Period expires;

(iv) If any Eurodollar Interest Period would otherwise expire on a day which is not a Business Day, such Eurodollar Interest Period shall be extended to expire on the next succeeding Business Day if the next succeeding Business Day occurs in the same calendar month, and if there will be no succeeding Business Day in such calendar month, such Eurodollar Interest Period shall expire on the immediately preceding Business Day;

(v) The Borrower may not select a Eurodollar Interest Period as to any Loan if such Eurodollar Interest Period terminates later than the Revolving Credit Termination Date;

(vi) The Borrower may not select a Eurodollar Interest Period with respect to any portion of principal of a Loan which extends beyond a date on which the Borrower is required to make a scheduled payment of such portion of principal of which the Borrower is aware on the date of such request, in the case of a payment pursuant to Section 4.1(d) hereof; and

(vii) There shall be no more than ten (10) Eurodollar Interest Periods in effect at any one time with respect to Eurodollar Rate Loans.

(c) DETERMINATION OF EURODOLLAR INTEREST RATE. As soon as practicable on the second Business Day prior to the first day of each Eurodollar Interest Period (the "EURODOLLAR INTEREST RATE DETERMINATION DATE"), the Administrative Agent shall determine (pursuant to the procedures set forth in the definition of "Eurodollar Rate") the interest rate which shall apply to the Eurodollar Rate Loans or Competitive Bid Loans for which an interest rate is then being determined for the applicable Eurodollar Interest Period and shall promptly give notice thereof (in writing or by telephone or by facsimile confirmed in writing) to the Borrower and to each Lender. The Administrative Agent's determination shall be presumed to be correct, absent manifest error, and shall be binding upon the Borrower.

(d) INTEREST RATE UNASCERTAINABLE, INADEQUATE OR UNFAIR. In the event that at least one (1) Business Day before any Eurodollar Interest Rate Determination Date:

(i) the Administrative Agent is advised by the Reference Bank that deposits in Dollars (in the applicable amounts) are not being offered by the Reference Bank in the London interbank market for such Eurodollar Interest Period; or

(ii) the Administrative Agent determines that adequate and fair means do not exist for ascertaining the applicable interest rates by reference to which the Eurodollar Rate then being determined is to be fixed;

(iii) the Requisite Lenders advise the Administrative Agent that the Eurodollar Rate for Eurodollar Rate Loans comprising such Borrowing will not adequately reflect the cost to such Requisite Lenders of obtaining funds in Dollars in the London interbank market in an amount substantially equal to such Lenders' Eurodollar Rate Loans in Dollars and for a period equal to such Eurodollar Interest Period; or

(iv) the applicable Lender(s) advise the Administrative Agent that the Eurodollar Rate for Competitive Bid Loans comprising such Borrowing will not adequately reflect the cost to such Lender(s) of obtaining funds in Dollars in the London interbank market in an amount substantially equal to such Lender(s)' Competitive Bid Loans in Dollars and for a period equal to such Eurodollar Interest Period;

then the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon (until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist) the right of the Borrower to elect to have Loans bear interest based upon the Eurodollar Rate shall be suspended and each outstanding Eurodollar

Rate Loan and Competitive Bid Loan shall be converted into a Base Rate Loan on the last day of the then current Eurodollar Interest Period therefor, notwithstanding any prior election by the Borrower to the contrary.

(e) ILLEGALITY. (i) If at any time any Lender determines (which determination shall, absent manifest error, be final and conclusive and binding upon all parties) that the making or continuation of any Eurodollar Rate Loan or Competitive Bid Loan has become unlawful or impermissible by compliance by that Lender with any law, governmental rule, regulation or order of any Governmental Authority (whether or not having the force of law and whether or not failure to comply therewith would be unlawful or would result in costs or penalties), then, and in any such event, such Lender may give notice of that determination, in writing, to the Borrower and the Administrative Agent, and the Administrative Agent shall promptly transmit the notice to each other Lender.

(ii) When notice is given by a Lender under Section 5.2(e)(i), (A) the Borrower's right to request from such Lender and such Lender's obligation, if any, to make Eurodollar Rate Loans to the Borrower shall be immediately suspended, and such Lender shall make a Base Rate Loan as part of any requested Borrowing of Eurodollar Rate Loans and (B) if the affected Eurodollar Rate Loan or Loans or Competitive Bid Loans are then outstanding, the Borrower shall immediately, or if permitted by applicable law, no later than the date permitted thereby, upon at least one (1) Business Day's prior written notice to the Administrative Agent and the affected Lender, convert each such Loan into a Base Rate Loan.

(iii) If at any time after a Lender gives notice under Section 5.2(e)(i) such Lender determines that it may lawfully make Eurodollar Rate Loans, such Lender shall promptly give notice of that determination, in writing, to the Borrower and the Administrative Agent, and the Administrative Agent shall promptly transmit the notice to each other Lender. The Borrower's right to request, and such Lender's obligation, if any, to make Eurodollar Rate Loans to the Borrower shall thereupon be restored.

(f) COMPENSATION. In addition to all amounts required to be paid by the Borrower pursuant to Section 5.1 and Article XIII, the Borrower shall compensate each Lender, upon demand, for all losses, expenses and liabilities (including, without limitation, any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Lender's Eurodollar Rate Loans or Competitive Bid Loans to the Borrower, but excluding any loss of Applicable Margin on the relevant Loans) which that Lender may sustain (i) if for any reason a Borrowing, conversion into or continuation of Eurodollar Rate Loans and/or Competitive Bid Loans does not occur on a date specified therefor in a Notice of Borrowing or a Notice of Conversion/Continuation given by the Borrower or in a telephonic request by it for borrowing or conversion/ continuation or a successive Eurodollar Interest Period does not commence after notice therefor is given pursuant to Section 5.1(c), other than pursuant to Sections 5.2(d) or (e), or (ii) if for any reason any Eurodollar Rate Loan is prepaid (other than pursuant to Section 5.2(d) or (e)) or converted on a date which is not the last day of the applicable Eurodollar Interest Period or (iii) as a consequence of any failure by the Borrower to repay a Eurodollar Rate Loan or Competitive Bid Loan when required by the terms of this Agreement. The Lender making demand for such compensation shall deliver to the Borrower concurrently with such demand a written statement in reasonable detail as to such

losses, expenses and liabilities, and this statement shall be conclusive as to the amount of compensation due to that Lender, absent manifest error.

(g) BOOKING OF EURODOLLAR RATE LOANS AND COMPETITIVE BID LOANS. Any Lender may make, carry or transfer Eurodollar Rate Loans and Competitive Bid Loans at, to, or for the account of, its Eurodollar Lending Office or Eurodollar Affiliate or its other offices or Affiliates. No Lender shall be entitled, however, to receive any greater amount under Sections 4.2 or 5.2(f) or Article XIII as a result of the transfer of any such Eurodollar Rate Loan or Competitive Bid Loan to any office (other than such Eurodollar Lending Office) or any Affiliate (other than such Eurodollar Affiliate) than such Lender would have been entitled to receive immediately prior thereto, unless (i) the transfer occurred at a time when circumstances giving rise to the claim for such greater amount did not exist and (ii) such claim would have arisen even if such transfer had not occurred.

(h) AFFILIATES NOT OBLIGATED. No Eurodollar Affiliate or other Affiliate of any Lender shall be deemed a party to this Agreement or shall have any liability or obligation under this Agreement.

(i) ADJUSTED EURODOLLAR RATE. Any failure by any Lender to take into account the Eurodollar Reserve Percentage when calculating interest due on Eurodollar Rate Loans or Competitive Bid Loans shall not constitute, whether by course of dealing or otherwise, a waiver by such Lender of its right to collect such amount for any future period.

(j) APPLICATION OF MANDATORY PREPAYMENTS. The principal amount of any mandatory prepayment pursuant to Section 4.1(d) hereof, shall be applied, first, to the outstanding Base Rate Loans and then, to the outstanding Eurodollar Rate Loans. Unless the Borrower otherwise pays breakage costs in accordance with Section 5.2(f), the Administrative Agent shall hold such principal amounts allocated for prepayment of Eurodollar Rate Loans until the end of the applicable Eurodollar Interest Periods) and, during the interim period, shall invest said sums in Cash Equivalents. Interest earned thereon shall be forwarded to the Borrower upon the payment of the Eurodollar Rate Loans at the end of said Eurodollar Interest Period. Interest shall continue to accrue on the principal amount of such Eurodollar Rate Loans until so paid.

5.3. FEES.

(a) LETTER OF CREDIT FEE. The Borrower shall pay to the Administrative Agent, for the account of the Lenders in proportion to their interests in respective undrawn Letters of Credit, a Letter of Credit Fee as more particularly set forth in Section 3.1(g) hereof.

(b) FACILITY FEE. The Borrower shall pay to the Administrative Agent for the account of the Lenders based on their respective Pro Rata Shares, a facility fee on the Revolving Credit Commitments at the respective percentages per annum based upon the Borrower's Credit Rating in accordance with the following table:

Range of the Borrower's Credit Rating (S&P/Moody's Ratings)	Facility Fee (% per annum)
A-/A3 or higher	0.15
BBB+/Baa1	0.175
BBB/Baa2	0.20
BBB-/Baa3	0.20
Below BBB-/Baa3 or unrated	0.30

The facility fee shall be payable quarterly, in arrears, on the first Business Day of each January, April, July and October, commencing on the first such day after the Closing Date. Any change in the Borrower's Credit Rating causing it to move into a different range on the table shall effect an immediate change in the applicable percentage per annum. The Borrower shall maintain Credit Ratings from at least two (2) Rating Agencies, one of which must be Moody's or S&P so long as such Persons are in the business of providing debt ratings for the REIT industry; PROVIDED that if the Borrower fails to maintain at least two Credit Ratings, the applicable percentage shall be based upon an S&P rating of less than BBB- in the table above. In the event that the Borrower's Credit Rating is such that the Rating Agencies' ratings are split between a higher and a lower rating, the applicable percentage per annum shall be based upon the lower of such two (2) Credit Ratings. In the event that the Borrower receives more than two (2) Credit Ratings and such Credit Ratings are not equivalent, the applicable fee shall be determined by the lower of the two (2) highest ratings, provided that each of said two (2) highest ratings shall be Investment Grade Ratings and at least one of which shall be an Investment Grade Rating from S&P or Moody's.

Notwithstanding the foregoing, in the event that any Lender fails to fund its Pro Rata Share of any Loan requested by the Borrower which such Lender is obligated to fund under the terms of this Agreement, (A) such Lender shall not be entitled to any portion of the facility fee with respect to its Revolving Credit Commitment until such failure has been cured in accordance with Section 4.2(b)(v)(B) and (B) until such time, the facility fee shall accrue in favor of the Lenders which have funded their respective Pro Rata Shares of such requested Loan, and shall be allocated among such performing Lenders ratably based upon their relative Revolving Credit Commitments.

(c) COMPETITIVE BID FEE. Simultaneously with the delivery of each Notice of Competitive Bid Borrowing, the Borrower shall pay to the Administrative Agent for its own account, a fee equal to \$2,500.

(d) CALCULATION AND PAYMENT OF FEES. All fees shall be calculated on the basis of the actual number of days elapsed in a 360-day year. All fees shall be payable in addition to, and not in lieu of, interest, compensation, expense reimbursements, indemnification and other Obligations. Fees shall be payable to the Administrative Agent at its office in New York, New York in immediately available funds unless otherwise set forth herein. All fees shall be fully earned and nonrefundable when paid. All fees due to any Arranger or any Lender, including, without limitation, those referred to in this Section 5.3, shall bear interest, if not paid when due, at the interest rate specified in Section 5.1(d) and shall constitute Obligations.

ARTICLE VI.
CONDITIONS TO LOANS AND LETTERS OF CREDIT

6.1. CONDITIONS PRECEDENT TO THE INITIAL LOANS AND LETTERS OF CREDIT. The obligation of each Lender on the Initial Funding Date to make any Loan requested to be made by it, and to issue Letters of Credit, shall be subject to the satisfaction of all of the following conditions precedent:

(a) DOCUMENTS. The Administrative Agent shall have received on or before the Initial Funding Date all of the following:

(i) this Agreement, the Notes, and, to the extent not otherwise specifically referenced in this Section 6.1(a), all other Loan Documents and agreements, documents and instruments described in the List of Closing Documents attached hereto as EXHIBIT E and made a part hereof, each duly executed, and in form and substance satisfactory to the Agents; without limiting the foregoing, the Borrower hereby directs its counsel, Fried Frank Harris Shriver & Jacobson LLP to prepare and deliver to the Agents, the Lenders, and Bingham McCutchen LLP the legal opinions referred to in such List of Closing Documents; and

(ii) such additional documentation as the Agents may reasonably request.

(b) NO LEGAL IMPEDIMENTS. No law, regulation, order, judgment or decree of any Governmental Authority shall, and the Administrative Agent shall not have received any notice that litigation is pending or threatened which is likely to (i) enjoin, prohibit or restrain the making of the Loans and/or the issuance of Letters of Credit on the Initial Funding Date or (ii) impose or result in the imposition of a Material Adverse Effect.

(c) NO CHANGE IN CONDITION. No change in the business, assets, management, operations, financial condition or prospects of the Borrower or any of its Properties shall have occurred since March 31, 2004 which change, in the judgment of the Administrative Agent and the Syndication Agent, will have a Material Adverse Effect.

(d) INTERIM LIABILITIES AND EQUITY. Except as disclosed to the Arrangers and the Lenders, since March 31, 2004, neither the Borrower nor the Company shall have (i) entered into any (as determined in good faith by the Administrative Agent and the Syndication Agent) commitment or transaction, including, without limitation, transactions for borrowings and capital expenditures, which are not in the ordinary course of the Borrower's business, (ii) declared or paid any dividends or other distributions other than in the ordinary course of business, (iii) established compensation or employee benefit plans, or (iv) redeemed or issued any equity Securities, in each case other than those described on SCHEDULE 6.1(d) hereto.

(e) NO LOSS OF MATERIAL AGREEMENTS AND LICENSES. Since March 31, 2004, no agreement or license relating to the business, operations or employee relations of the Borrower or any of its Real Properties shall have been terminated, modified, revoked, breached or declared to be in default, the termination, modification, revocation, breach or default under which, in the reasonable judgment of the Administrative Agent and the Syndication Agent, would result in a Material Adverse Effect.

(f) NO MARKET CHANGES. Since the Closing Date no material adverse change shall have occurred in the conditions in the capital markets.

(g) NO DEFAULT. No Event of Default or Potential Event of Default shall have occurred and be continuing or would result from the making of the Loans or the issuance of any Letter of Credit.

(h) REPRESENTATIONS AND WARRANTIES. All of the representations and warranties contained in Sections 7.1, 9.12(b) and 9.14 and in any of the other Loan Documents shall be true and correct in all material respects on and as of the Initial Funding Date.

(i) FEES AND EXPENSES PAID. There shall have been paid to the Administrative Agent, for the accounts of the Agents and the Lenders, as applicable, all fees due and payable on or before the Initial Funding Date and all expenses due and payable on or before the Initial Funding Date, including, without limitation, reasonable attorneys' fees and expenses, and other costs and expenses incurred in connection with the Loan Documents.

6.2. CONDITIONS PRECEDENT TO ALL SUBSEQUENT LOANS AND LETTERS OF CREDIT. The obligation of each Lender to make any Loan requested to be made by it on any date after the Initial Funding Date and the agreement of each Lender to issue any Letter of Credit on any date after the Initial Funding Date shall be subject to the following conditions precedent as of each such date:

(a) REPRESENTATIONS AND WARRANTIES. As of such date, both before and after giving effect to the Loans to be made or the Letter of Credit to be issued on such date, all of the representations and warranties of the Borrower contained in Sections 7.1, 9.12(b) and 9.14 and all of the representations of the Borrower and the parties to the Guaranties in any other Loan Document (other than representations and warranties which expressly speak as of a different date) shall be true and correct in all material respects.

(b) NO DEFAULTS. No Event of Default or Potential Event of Default shall have occurred and be continuing or would result from the making of the requested Loan or issuance of the requested Letter of Credit. Each of the Lenders shall have received the Officer's Certificate as provided in Section 2.1(c) (vii), 2.2(f) or 3.1(c).

(c) NO LEGAL IMPEDIMENTS. No law, regulation, order, judgment or decree of any Governmental Authority shall, and the Administrative Agent shall not have received from such Lender notice that, in the reasonable judgment of such Lender, litigation is pending or threatened which is likely to, enjoin, prohibit or restrain such Lender's making of the requested Loan or participation in or issuance of the requested Letter of Credit.

(d) NO MATERIAL ADVERSE EFFECT. The Borrower shall not have received written notice from the Requisite Lenders that an event has occurred since the date of this Agreement which has had and continues to have, or is reasonably likely to have, a Material Adverse Effect.

Each submission by the Borrower to the Administrative Agent of a Notice of Borrowing with respect to a Loan, each acceptance by the Borrower of the proceeds of each Loan made hereunder, each submission by the Borrower to a Lender of a request for issuance of a Letter of Credit and the issuance of such Letter of Credit, shall constitute a representation and warranty by

the Borrower as of the Funding Date in respect of such Loan and the date of issuance of such Letter of Credit, that all the conditions contained in this Section 6.2 have been satisfied or waived in accordance with Section 14.7 (it being understood that with respect to the condition set forth in Section 6.2(c), the same shall constitute a representation and warranty by the Borrower only to the extent that the Borrower shall have knowledge of any of the events set forth therein).

ARTICLE VII.
REPRESENTATIONS AND WARRANTIES

7.1. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. In order to induce the Lenders to enter into this Agreement and to make the Loans and the other financial accommodations to the Borrower and to issue the Letters of Credit described herein, the Borrower hereby represents and warrants to each Lender that the following statements are true, correct and complete:

(a) ORGANIZATION; POWERS. (i) The Borrower (A) is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, (B) is duly qualified to do business and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing will have a Material Adverse Effect, (C) has all requisite power and authority to own, operate and encumber its Property and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the transactions contemplated by this Agreement, and (D) is a partnership for federal income tax purposes.

(ii) The Company (A) is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, (B) is duly authorized and qualified to do business and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing will have a Material Adverse Effect, and (C) has all requisite corporate power and authority to own, operate and encumber its Property and to conduct its business as presently conducted.

(iii) True, correct and complete copies of the Organizational Documents of the Borrower and the Company identified on SCHEDULE 7.1-A have been delivered to Administrative Agent, each of which is in full force and effect, has not been modified or amended except to the extent set forth or indicated therein or as otherwise permitted hereby and, to the best of the Borrower's knowledge, there are no defaults under such Organizational Documents and no events which, with the passage of time or giving of notice or both, would constitute a default under such Organizational Documents. Borrower shall update SCHEDULE 7.1-A from time to time in order to keep said Schedule true and correct.

(iv) Neither the Borrower nor the Company is a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code.

(b) AUTHORITY. (i) The Company has the requisite power and authority to execute and deliver this Agreement on behalf of the Borrower and each of the other Loan Documents which are required to be executed on behalf of the Borrower as required by this Agreement. The Company is the Person who has executed this Agreement and such other Loan Documents on behalf of the Borrower and is the sole general partner of the Borrower.

(ii) The execution, delivery and performance of each of the Loan Documents which must be executed in connection with this Agreement by the Borrower and to which the Borrower is a party and the consummation of the transactions contemplated thereby are within the Borrower's partnership powers, have been duly authorized by all necessary partnership action (and, in the case of the Company acting on behalf of the Borrower in connection therewith, all necessary corporate action of the Company) and such authorization has not been rescinded. No other partnership or corporate action or proceedings on the part of the Borrower or the Company is necessary to consummate such transactions.

(iii) Each of the Loan Documents to which the Borrower is a party has been duly executed and delivered on behalf of the Borrower and constitutes the Borrower's legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or by general principles of equity regardless of whether enforcement is considered in a proceeding at law or in equity. Each of the Loan Documents to which Borrower is a party is in full force and effect and all the terms, provisions, agreements and conditions set forth therein and required to be performed or complied with by the Company, the Borrower and the Borrower's Subsidiaries on or before the Initial Funding Date have been performed or complied with, and no Potential Event of Default or Event of Default exists.

(c) SUBSIDIARIES; OWNERSHIP OF CAPITAL STOCK AND PARTNERSHIP INTERESTS. (i) SCHEDULE 7.1-C (A) contains a diagram indicating the corporate structure of the Company, the Borrower and any other Person in which the Company or the Borrower holds a direct or indirect partnership, joint venture or other equity interest indicating the nature of such interest with respect to each Person included in such diagram; and (B) accurately sets forth (1) the correct legal name of such Person, the jurisdiction of its incorporation or organization and the jurisdictions in which it is qualified to transact business as a foreign corporation, or otherwise, and (2) the authorized, issued and outstanding shares or interests of each class of equity Securities of the Company, the Borrower and the Subsidiaries of the Borrower, and (3) the ownership interest of the Borrower, the Company and the Subsidiaries of the Borrower in all Joint Ventures. None of such issued and outstanding Securities is subject to any vesting, redemption, or repurchase agreement, and there are no warrants or options (other than Permitted Securities options) outstanding with respect to such Securities, except as noted on SCHEDULE 7.1-C. The outstanding Capital Stock of the Company is duly authorized, validly issued, fully paid and nonassessable and the outstanding Securities of the Borrower and its Subsidiaries are duly authorized and validly issued. Attached hereto as part of SCHEDULE 7.1-C is a true, accurate and complete copy of the Borrower Partnership Agreement as in effect on the Closing Date and the Borrower Partnership Agreement has not been amended, supplemented, replaced, restated or otherwise modified in any respect since the Closing Date, except as otherwise permitted hereby. Borrower shall update SCHEDULE 7.1-C as of the first day of each fiscal quarter, and shall deliver the same together with the Quarterly Compliance Certificates, to the extent required, in order to keep said Schedule true and correct.

(ii) Except where failure would not have a Material Adverse Effect, each of the Subsidiaries of the Borrower: (A) is a corporation, limited liability company or partnership, as indicated on SCHEDULE 7.1-C, duly organized or formed, validly existing and, if applicable, in good standing under the laws of the jurisdiction of its organization, (B) is duly qualified to do business and, if applicable, is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing would have a Material Adverse Effect, and (C) has all

requisite power and authority to own, operate and encumber its Property and to conduct its business as presently conducted and as proposed to be conducted hereafter.

(iii) As to each Guarantor, a provision similar, as applicable to (a), (b) and (c) above shall be included in each such Subsidiary's Guaranty, and the Borrower shall be deemed to make for itself and on behalf of such Subsidiary a representation as to such provisions.

(d) NO CONFLICT. The execution, delivery and performance of each of the Loan Documents to which the Borrower, the Company or any Guarantor is a party, and the consummation of the transactions expressly contemplated thereby respectively, do not and will not (i) conflict with the Organizational Documents of the Borrower, the Company or any Guarantor, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law or material Contractual Obligation of the Borrower, the Company or any Guarantor, or require termination of any such material Contractual Obligation which would subject the Administrative Agent or any of the other Lenders to any liability, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the Property or assets of the Borrower, the Company or any Guarantor, or (iv) require any approval of shareholders of the Company (other than such approvals that have been obtained and are in full force and effect).

(e) GOVERNMENTAL CONSENTS. The execution, delivery and performance of each of the Loan Documents to which the Borrower, the Company or any Guarantor is a party and the consummation of the transactions expressly contemplated thereby do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority, except filings, consents or notices which have been made, obtained or given.

(f) GOVERNMENTAL REGULATION. None of the Borrower, the Company or the Guarantors is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, or the Investment Company Act of 1940, or any other federal or state statute or regulation which limits its ability to incur indebtedness as contemplated by this Agreement.

(g) FINANCIAL POSITION. Complete and accurate copies of the following financial statements and materials have been delivered to the Administrative Agent: annual unaudited financial statements of the Borrower, annual audited financial statements of the Company for the fiscal year ended December 31, 2003 and unaudited financial statements of the Company for the fiscal quarter ended March 31, 2004. All annual financial statements of the Borrower shall be accompanied by an Officer's Certificate of the Borrower, and shall be certified by the Chief Financial Officer of the Borrower as fairly presenting in all material respects the financial position of the Borrower. All financial statements included in such materials were prepared in all material respects in conformity with GAAP, except as otherwise noted therein, and fairly present in all material respects the respective consolidated financial positions as of the date referred to therein, and the consolidated results of operations and cash flows for each of the periods covered thereby of the Borrower and the Company. Neither the Borrower nor the Company has any Contingent Obligation, contingent liability or liability for any taxes, long-term leases or commitments not reflected in its financial statements delivered to the Administrative Agent on or prior to the Closing Date or otherwise disclosed to the Administrative Agent and the Lenders in writing on or prior to the Closing Date, which will have a Material Adverse Effect.

(h) INDEBTEDNESS. SCHEDULE 7.1-H sets forth, as of March 31, 2004, all Indebtedness for borrowed money of each of the Borrower, the Company and their respective Subsidiaries and, except as set forth on SCHEDULE 7.1-H, there are no defaults in the payment of principal of or interest on any such Indebtedness and no payments thereunder have been deferred or extended beyond their stated maturity and there has been no material change in the type or amount of such Indebtedness (except for the repayment of certain Indebtedness) since March 31, 2004.

(i) LITIGATION; ADVERSE EFFECTS. Except as set forth in SCHEDULE 7.1-I, as of the Closing Date, there is no action, suit, proceeding, investigation or arbitration before or by any Governmental Authority or private arbitrator pending or, to the knowledge of the Borrower, threatened against the Company, the Borrower or any of their respective Subsidiaries, or any Property of any of them (i) challenging the validity or the enforceability of any of the Loan Documents, (ii) which is reasonably likely to result in any Material Adverse Effect, or (iii) under the Racketeering Influenced and Corrupt Organizations Act or any similar federal or state statute where such Person is a defendant in a criminal indictment that provides for the forfeiture of assets to any Governmental Authority as a potential criminal penalty. There is no material loss contingency within the meaning of GAAP which has not been reflected in the consolidated financial statements of the Company and the Borrower. None of the Company, the Borrower or any Subsidiary of the Borrower is (A) in violation of any applicable Requirements of Law which violation will have or is reasonably likely to have a Material Adverse Effect, or (B) in default with respect to any final judgment, writ, injunction, restraining order or order of any nature, decree, rule or regulation of any court or Governmental Authority which will have a Material Adverse Effect.

(j) NO MATERIAL ADVERSE EFFECT. Since March 31, 2004, there has occurred no event which has had a Material Adverse Effect.

(k) Intentionally Omitted.

(l) PAYMENT OF TAXES. All material tax returns, reports and similar statements or filings of the Company, the Borrower and their respective Subsidiaries required to be filed have been timely filed (or extensions to file have been obtained), and, except for Customary Permitted Liens, all material taxes, assessments, fees and other charges of Governmental Authorities thereupon and upon or relating to their respective Properties, assets, receipts, sales, use, payroll, employment, income, licenses and franchises which are shown in such returns or reports to be due and payable have been paid, except to the extent (i) such taxes, assessments, fees and other charges of Governmental Authorities are being contested in good faith by an appropriate proceeding diligently pursued as permitted by the terms of Section 9.4 and (ii) such taxes, assessments, fees and other charges of Governmental Authorities pertain to Property of the Borrower or any of its Subsidiaries and the non-payment of the amounts thereof would not, individually or in the aggregate, result in a Material Adverse Effect. All other material taxes (including, without limitation, real estate taxes), assessments, fees and other governmental charges upon or relating to the respective Properties of the Borrower and its Subsidiaries which are due and payable have been paid, except for Customary Permitted Liens and except to the extent described in clauses (i) and (ii) hereinabove. The Borrower has no knowledge of any proposed tax assessment against the Borrower, any of its Subsidiaries, or any of the Projects that will have or is reasonably likely to have a Material Adverse Effect.

(m) PERFORMANCE. To the knowledge of the Borrower, neither the Company, the Borrower nor any of their Subsidiaries has received any written notice or citation, nor has actual knowledge, that (i) it is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, or (ii) any condition exists which, with the giving of notice or the lapse of time or both, would constitute a default with respect to any such Contractual Obligation; in each case, except where such default or defaults, if any, will not have a Material Adverse Effect.

(n) DISCLOSURE. The representations and warranties of the Borrower and the Guarantors contained in the Loan Documents, and all certificates and other documents delivered to the Administrative Agent or any Lender pursuant to the terms thereof, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, taken as a whole, not misleading. Notwithstanding the foregoing, the Lenders acknowledge that the Borrower shall not have liability under this clause (n) with respect to its projections of future events or for any financial projections.

(o) REQUIREMENTS OF LAW. Each of the Borrower and each of its Subsidiaries is in compliance with all Requirements of Law applicable to it and its respective businesses and Properties, in each case where the failure to so comply individually or in the aggregate will have a Material Adverse Effect.

(p) ENVIRONMENTAL MATTERS.

(i) Except as disclosed on SCHEDULE 7.1-P (the Borrower shall update SCHEDULE 7.1-P as of the first day of each fiscal quarter, and deliver the same together with the Quarterly Compliance Certificates, to the extent required, in order to keep said Schedule true and correct):

(A) the operations of the Borrower, each of its Subsidiaries, and their respective Properties comply with all applicable Environmental, Health or Safety Requirements of Law, except to the extent any failure to do so would not have a Material Adverse Effect;

(B) the Borrower and each of its Subsidiaries have obtained all material environmental, health and safety Permits necessary for their respective operations, and all such Permits are in good standing and the holder of each such Permit is currently in compliance with all terms and conditions of such Permits, except to the extent any failure to do so would not have a Material Adverse Effect;

(C) to the knowledge of the Borrower, none of the Borrower, its Subsidiaries or any of their respective present or past Properties or operations are subject to or are the subject of any investigation of any Governmental Authority, judicial or administrative proceeding, order, judgment or decree, negotiations, agreement or settlement respecting (I) any Remedial Action, (II) any Claims or Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment, or (III) any violation of or liability under any Environmental, Health or Safety Requirement of Law, except to the extent none of the foregoing would have a Material Adverse Effect;

(D) none of Borrower or any of its Subsidiaries has filed any notice under any applicable Requirement of Law (I) reporting a Release of a Contaminant; (II) indicating past or present treatment, storage or disposal of a hazardous waste, as that term is defined under 40 C.F.R. Part 261 or any state equivalent; or (III) reporting a violation of any applicable Environmental, Health or Safety Requirement of Law with respect to any of the foregoing, the substance of which would have a Material Adverse Effect;

(E) none of the Borrower's or any of its Subsidiaries' present or past Property is listed or, to the knowledge of the Borrower, proposed for listing on the National Priorities List ("NPL") pursuant to CERCLA or on the Comprehensive Environmental Response Compensation Liability Information System List ("CERCLIS") or any similar state list of sites requiring Remedial Action;

(F) to the knowledge of the Borrower, none of the Borrower or any of its Subsidiaries has sent or directly arranged for the transport of any waste to any site listed or proposed for listing on the NPL, CERCLIS or any similar state list;

(G) to the best of the Borrower's knowledge, there is not now, and to the Borrower's knowledge there has never been, on or in any Project (I) any treatment, recycling, storage away from the site of generation or disposal of any hazardous waste, as that term is defined under 40 C.F.R. Part 261 or any state equivalent, (II) any solid waste management facility, (III) any underground storage tanks the presence or use of which is in violation of applicable Environmental, Health or Safety Requirements of Law, (IV) any asbestos-containing material which, in its present state, such Person has any reason to believe could subject such Person or its Property to Liabilities and Costs arising out of or relating to environmental, health or safety matters that would result in a Material Adverse Effect; or (V) any polychlorinated biphenyls (PCB) used in hydraulic oils, electrical transformers or other Equipment, which, in any such case, would subject the Borrower or its Subsidiaries or their respective Properties to Liabilities and Costs arising out of or relating to environmental, health or safety matters that would result in a Material Adverse Effect;

(H) to the knowledge of the Borrower, none of the Borrower or any of its Subsidiaries has received any notice or Claim to the effect that any of such Persons is or may be liable to any Person as a result of the Release or threatened Release of a Contaminant into the environment which would result in a Material Adverse Effect;

(I) none of the Borrower or any of its Subsidiaries has any contingent liability in connection with any Release or threatened Release of any Contaminants into the environment which will result in a Material Adverse Effect;

(J) no Environmental Lien has attached to any Property of the Borrower or any of its Subsidiaries (other than those otherwise permitted hereunder) or which do not constitute an Event of Default; and

(K) no Property of the Borrower or any of its Subsidiaries is subject to any Environmental Property Transfer Act, or to the extent such acts are applicable to any such Property, the Borrower and/or such Subsidiary whose Property is subject thereto has complied in all material respects with the requirements of such acts.

(q) ERISA. As of the date hereof, neither the Borrower nor any ERISA Affiliate maintains or contributes to any Benefit Plan or Multiemployer Plan other than those listed on SCHEDULE 7.1-Q hereto. Each Plan which is intended to be qualified under Section 401(a) of the Internal Revenue Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code as currently in effect. Except as disclosed in SCHEDULE 7.1-Q, neither the Borrower nor any of its Subsidiaries maintains or contributes to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA that provides benefits to employees after termination of employment other than as required by Section 601 of ERISA. The Borrower and each of its Subsidiaries is in compliance in all material respects with the responsibilities, obligations and duties imposed on it by ERISA, the Internal Revenue Code and regulations promulgated thereunder with respect to all Plans. No Benefit Plan has incurred any accumulated funding deficiency (as defined in Sections 302(a)(2) of ERISA and 412 (a) of the Internal Revenue Code) whether or not waived. Neither the Borrower nor any ERISA Affiliate nor any fiduciary of any Plan which is not a Multiemployer Plan (i) has engaged in a nonexempt prohibited transaction described in Sections 406 of ERISA or 4975 of the Internal Revenue Code or (ii) has taken or failed to take any action which would constitute or result in an ERISA Termination Event. Neither the Borrower nor any ERISA Affiliate is subject to any liability under Sections 4063, 4064, or 4204 of ERISA which would have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate is subject to any liability under Sections 4069 or 4212 (c) of ERISA or has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. Schedule B to the most recent annual report filed with the IRS with respect to each Benefit Plan has been furnished to the Administrative Agent and is complete and accurate in all material respects. Since the date of each such Schedule B, there has been no material adverse change in the funding status or financial condition of the Benefit Plan relating to such Schedule B. Neither the Borrower nor any ERISA Affiliate has (i) failed to make a required contribution or payment to a Multiemployer Plan or (ii) made a complete or partial withdrawal under Sections 4203 or 4205 of ERISA from a Multiemployer Plan which would have a Material Adverse Effect. Neither the Borrower, nor any ERISA Affiliate has failed to make a required installment or any other required payment under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment. Neither the Borrower nor any ERISA Affiliate is required to provide security to a Benefit Plan under Section 401(a)(29) of the Internal Revenue Code due to a Benefit Plan amendment that results in an increase in current liability for the plan year. Except as disclosed on SCHEDULE 7.1-Q, which shall be updated by Borrower as of the first day of each fiscal quarter, to the extent required, neither the Borrower nor any of its Subsidiaries has, by reason of the transactions contemplated hereby, any obligation to make any payment to any employee pursuant to any Plan or existing contract or arrangement.

(r) SECURITIES ACTIVITIES. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock except as described on SCHEDULE 7.L-R.

(s) SOLVENCY. After giving effect to the Loans to be made on the Initial Funding Date or such other date as Loans requested hereunder are made, and the disbursement of the proceeds of such Loans pursuant to the Borrower's instructions, each of the Borrower and each Guarantor is Solvent.

(t) INSURANCE. SCHEDULE 7.1-T accurately sets forth as of the Closing Date all insurance policies and programs currently in effect with respect to the respective Property and assets and business of the Borrower and its Subsidiaries, specifying for each such policy and program, (i) the amount thereof, (ii) the risks insured against thereby, (iii) the name of the insurer and each insured party thereunder, (iv) the policy or other identification number thereof, and (v) the expiration date thereof. The Borrower has delivered to the Administrative Agent certificates of insurance or other satisfactory evidence of all insurance policies set forth on SCHEDULE 7.1-T. Such insurance policies and programs or their replacements obtained in compliance with Section 9.5 are currently in full force and effect, in compliance with the requirements of Section 9.5 hereof and provide coverage against such casualties and contingencies as are commercially reasonable and in accordance with the customary and general practices of businesses having similar operations and real estate portfolios in similar geographic areas and are in amounts, containing such terms, in such forms and for such periods as are reasonable and prudent for such businesses. Borrower shall update SCHEDULE 7.1-T, which shall be updated by Borrower annually, to the extent required, in order to keep said Schedule true and correct (or more frequently if an insurance policy or program shall be terminated and/or replaced).

(u) REIT STATUS. The Company qualifies as a REIT under the Internal Revenue Code.

(v) OWNERSHIP OF PROJECTS, JOINT VENTURES AND PROPERTY. Ownership of all wholly owned Projects, Joint Ventures and other Property of the Consolidated Businesses is held by the Borrower and its Subsidiaries and is not held directly by the Company.

(w) TITLE TO PROPERTIES. The Borrower, the Guarantors and their respective Subsidiaries that own Real Property each has good title to all of its respective Real Property purported to be owned by it, including, without limitation, that:

(a) Either (i) the Borrower or (ii) a Guarantor is the owner of or the holder of a fee or ground leasehold interest (under an Eligible Ground Lease) in the Unencumbered Projects and Unencumbered New York City Assets which are wholly-owned or ground-leased by the Borrower and the Consolidated Businesses, free from any Lien, except for Customary Permitted Liens, or preferred equity interest.

(b) The Company, the Borrower and their Consolidated Subsidiaries will, as of the Closing Date, own all of the assets as reflected in the financial statements of the Borrower and the Company described in Section 7.1(g) or acquired since the date of such financial statements (except property and assets sold or otherwise disposed of in the ordinary course of business since that date).

ARTICLE VIII.
REPORTING COVENANTS

The Borrower covenants and agrees that so long as any Revolving Credit Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than indemnities pursuant to Section 14.3 not yet due), unless the Requisite Lenders shall otherwise give prior written consent thereto:

8.1. BORROWER ACCOUNTING PRACTICES. The Borrower shall maintain, and cause each of its consolidated Subsidiaries to maintain, a system of accounting established and administered in accordance with sound business practices to permit preparation of consolidated financial statements in conformity with GAAP.

8.2. FINANCIAL REPORTS. The Borrower shall deliver or cause to be delivered to the Administrative Agent (with copies for each of the Lenders):

(a) QUARTERLY REPORTS.

(i) BORROWER QUARTERLY FINANCIAL REPORTS. As soon as practicable, and in any event within forty-five (45) days after the end of each fiscal quarter in each Fiscal Year (other than the last fiscal quarter in each Fiscal Year), a consolidated balance sheet of the Borrower and the related consolidated statements of income and cash flow of the Borrower (to be prepared and delivered quarterly in conjunction with the other reports delivered hereunder at the end of each fiscal quarter) for each such fiscal quarter, and, in comparative form, the corresponding figures for the corresponding dates and periods of the previous Fiscal Year, certified by an Authorized Financial Officer of the Borrower as fairly presenting in all material respects the consolidated financial position of the Borrower as of the dates indicated and the consolidated results of its operations and cash flow for the months indicated in accordance with GAAP, subject to normal adjustments.

(ii) COMPANY QUARTERLY FINANCIAL REPORTS. As soon as practicable, and in any event within forty-five (45) days after the end of each fiscal quarter in each Fiscal Year (other than the last fiscal quarter in each Fiscal Year), the Financial Statements of the Company and its consolidated Subsidiaries on Form 10-Q as at the end of such period and a report setting forth in comparative form the corresponding figures for the corresponding dates and period of the previous Fiscal Year, certified by an Authorized Financial Officer of the Company as fairly presenting in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as at the date indicated and the consolidated results of their operations and cash flow for the period indicated in accordance with GAAP, subject to normal adjustments.

(iii) QUARTERLY COMPLIANCE CERTIFICATES. Together with each delivery of any quarterly report pursuant to paragraph (a)(i) of this Section 8.2, Officer's Certificates of the Borrower and the Company in the form of EXHIBIT F hereto (the "QUARTERLY COMPLIANCE CERTIFICATES"), signed by the Borrower's and the Company's respective Authorized Financial Officers representing and certifying (1) that the Authorized Financial Officer signatory thereto has reviewed the terms of the Loan Documents, and has made, or caused to be made under his/her supervision, a review in reasonable detail of the consolidated financial condition of the Company and its Consolidated Subsidiaries, for the fiscal quarter covered by such reports, that such review has not disclosed the

existence during or at the end of such fiscal quarter, and that such officer does not have knowledge of the existence as at the date of such Officer's Certificate, of an Event of Default or Potential Event of Default or mandatory prepayment event, or, if any such condition or event existed or exists, the nature and period of existence thereof and what action the Company and/or the Borrower or any of their Subsidiaries has taken, is taking and proposes to take with respect thereto; (2) the calculations in the form of EXHIBIT G hereto for the period then ended which demonstrate whether there has been compliance with the covenants and financial ratios set forth in Sections 9.9, 9.11, 10.2, 10.6, 10.7, 10.11, and 10.12 hereof and, when applicable, that no Event of Default described in Section 11.1 exists, (3) a schedule of the Borrower's outstanding Indebtedness, including the amount, maturity, interest rate and amortization requirements, as well as such other information regarding such Indebtedness as may be reasonably requested by the Administrative Agent, (4) a schedule of Total Adjusted EBITDA, and (5) a schedule of Adjusted Unencumbered NOI.

(b) ANNUAL REPORTS.

(i) BORROWER FINANCIAL STATEMENTS. As soon as practicable, and in any event within ninety (90) days after the end of each Fiscal Year, the Financial Statements of the Borrower and its Subsidiaries as at the end of such Fiscal Year, accompanied by an Officer's Certificate of the Borrower, signed by the Chief Financial Officer of the Borrower, that such Financial Statements fairly present in all material respects the consolidated financial position of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP consistently applied, and which Officer's Certificate shall explain any inconsistencies between the Financial Statements of the Borrower and the Financial Statements of the Company.

(ii) COMPANY FINANCIAL STATEMENTS. As soon as practicable, and in any event within ninety (90) days after the end of each Fiscal Year, (i) the Financial Statements of the Company and its consolidated Subsidiaries on Form 10-K as at the end of such Fiscal Year and a report setting forth in comparative form the corresponding figures from the consolidated Financial Statements of the Company and its Subsidiaries as of the end of and for the prior Fiscal Year; (ii) a report with respect thereto of Ernst & Young LLP or other independent certified public accountants acceptable to the Administrative Agent (it being understood that any "Big Four" certified public accountants are acceptable to the Administrative Agent), which report shall be unqualified and shall state that such financial statements fairly present the consolidated financial position of the Company and its consolidated Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP (except for changes with which Ernst & Young LLP or any such other independent certified public accountants, if applicable, shall concur and which shall have been disclosed in the notes to the financial statements) (which report shall be subject to the confidentiality limitations set forth herein); and (iii) in the event that the report referred to in clause (ii) above is qualified, a copy of the management letter or any similar report delivered to the Company or to any officer or employee thereof by such independent certified public accountants in connection with such financial statements. The Administrative Agent and each Lender (through the Administrative Agent) may, with the consent of the Company (which consent shall not be unreasonably withheld), communicate directly with such accountants, with any such communication to occur together with a representative of the

Company, at the expense of the Administrative Agent (or the Lender requesting such communication), upon reasonable notice and at reasonable times during normal business hours.

(iii) ANNUAL COMPLIANCE CERTIFICATES. Together with each delivery of any annual report pursuant to clauses (i) and (ii) of this Section 8.2(b), Officer's Certificates of the Borrower and the Company in the form of EXHIBIT F hereto (the "ANNUAL COMPLIANCE CERTIFICATES" and, collectively with the Quarterly Compliance Certificates, the "COMPLIANCE CERTIFICATES"), signed by the Borrower's and the Company's respective Authorized Financial Officers, representing and certifying (1) that the officer signatory thereto has reviewed the terms of the Loan Documents, and has made, or caused to be made under his/her supervision, a review in reasonable detail of the consolidated financial condition of the Company and its consolidated Subsidiaries, for the accounting period covered by such reports, that such review has not disclosed the existence at the end of such accounting period, and that such officer does not have knowledge of the existence as at the date of such Officer's Certificate, of an Event of Default or Potential Event of Default or mandatory prepayment event, or, if any such condition or event existed or exists, the nature and period of existence thereof and what action the Company and/or the Borrower or any of their Subsidiaries has taken, is taking and proposes to take with respect thereto; (2) the calculations in the form of EXHIBIT G hereto for the period then ended which demonstrate whether there has been compliance with the covenants and financial ratios set forth in Sections 9.9, 9.11, 10.2, 10.6, 10.7, 10.11, and 10.12 hereof and, when applicable, that no Event of Default described in Section 11.1 exists, (3) a schedule of the Borrower's outstanding Indebtedness including the amount, maturity, interest rate and amortization requirements, as well as such other information regarding such Indebtedness as may be reasonably requested by the Administrative Agent, (4) a schedule of Total Adjusted EBITDA and (5) a schedule of Adjusted Unencumbered NOI.

(iv) TENANT BANKRUPTCY REPORTS. As soon as practicable, and in any event within ninety (90) days after the end of each Fiscal Year, a written report, in form reasonably satisfactory to the Administrative Agent, of all bankruptcy proceedings filed by or against any tenant of any of the Projects, which tenant occupies three and one half percent (3.5%) or more of the gross leasable area in the Projects in the aggregate. The Borrower shall deliver to the Administrative Agent and the Lenders, immediately upon the Borrower's learning thereof, of any bankruptcy proceedings filed by or against, or the cessation of business or operations of, any tenant of any of the Projects which tenant occupies three and one half percent (3.5%) or more of the gross leasable area in the Projects in the aggregate.

(v) UPDATE OF SCHEDULE 7.1-C. As soon as practicable, and in any event within ninety (90) days after the end of each Fiscal Year, the Borrower shall deliver an update of Schedule 7.1-C.

8.3. EVENTS OF DEFAULT. Promptly upon the Borrower obtaining knowledge (a) of any condition or event which constitutes an Event of Default or Potential Event of Default; (b) that any Person has given any notice to the Borrower or any Subsidiary of the Borrower or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 11.1(e); or (c) of any condition or event which has a Material Adverse Effect, the Borrower shall deliver to the Administrative Agent (with copies for each of the Lenders) an Officer's Certificate specifying (i) the nature and period of existence of any such claimed default,

Event of Default, Potential Event of Default, condition or event, (ii) the notice given or action taken by such Person in connection therewith, and (iii) what action the Borrower has taken, is taking and proposes to take with respect thereto.

8.4. LAWSUITS. (i) Promptly upon the Borrower's obtaining knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration against or affecting the Borrower or any of its Subsidiaries not previously disclosed pursuant to Section 7.1(i), which action, suit, proceeding, governmental investigation or arbitration exposes, or in the case of multiple actions, suits, proceedings, governmental investigations or arbitrations arising out of the same general allegations or circumstances which expose, in the Borrower's reasonable judgment, the Borrower or any of its Subsidiaries to liability in an amount aggregating \$1,000,000 or more and is not covered by the Borrower's or such Subsidiary's insurance, the Borrower shall give written notice thereof to the Administrative Agent (with copies for each of the Lenders) and provide such other information as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; (ii) as soon as practicable and in any event within forty-five (45) days after the end of each fiscal quarter of the Borrower, the Borrower shall provide a written quarterly report to the Administrative Agent and the Lenders covering the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration in an amount equal to or in excess of \$50,000,000 (to the extent not previously reported) against or affecting the Borrower or any of its Subsidiaries or any Property of the Borrower or any of its Subsidiaries not previously disclosed by the Borrower to the Administrative Agent and the Lenders, and shall provide such other information at such time as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; and (iii) in addition to the requirements set forth in clauses (i) and (ii) of this Section 8.4, the Borrower upon request of the Administrative Agent or the Requisite Lenders shall promptly give written notice of the status of any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (i) or (ii) above and provide such other information as may be reasonably requested and available to it to enable each Lender and the Administrative Agent and its counsel to evaluate such matters. Notwithstanding the foregoing, the Borrower shall not be required to disclose any information which is subject to the attorney-client privilege.

8.5. INSURANCE. As soon as practicable and in any event by January 31st of each calendar year, the Borrower shall deliver to the Administrative Agent (with copies for each of the Lenders) (i) a report in form and substance reasonably satisfactory to the Administrative Agent, outlining all insurance coverage maintained as of the date of such report by the Borrower and its Subsidiaries and the duration of such coverage and (ii) an Officer's Certificate signed by an Authorized Financial Officer of the Borrower certifying that all premiums with respect to such coverage have been paid when due.

8.6. ERISA NOTICES. The Borrower shall deliver or cause to be delivered to the Administrative Agent (with copies for each of the Lenders), at the Borrower's expense, the following information and notices as soon as reasonably possible, and in any event:

(a) within fifteen (15) Business Days after the Borrower or any ERISA Affiliate knows or has reason to know that an ERISA Termination Event has occurred, a written statement of an Authorized Financial Officer of the Borrower describing such ERISA Termination Event and the action, if any, which the Borrower or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto;

(b) within fifteen (15) Business Days after the Borrower knows or has reason to know that a non-exempt prohibited transaction (as defined in Sections 406 of ERISA and Section 4975 of the Internal Revenue Code) has occurred with respect to the Borrower, any ERISA Affiliate or any Plan, a statement of an Authorized Financial Officer of the Borrower describing such transaction with respect to the Borrower, any ERISA Affiliate or any Plan and the action which the Borrower or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto;

(c) within fifteen (15) Business Days after the filing of the same with the DOL, IRS or PBGC, copies of each annual report (Form 5500 series), including Schedule B thereto, filed with respect to each Benefit Plan;

(d) within fifteen (15) Business Days after receipt by the Borrower or any ERISA Affiliate of each actuarial report for any Benefit Plan or Multiemployer Plan and each annual report for any Multiemployer Plan, copies of each such report;

(e) within fifteen (15) Business Days after the filing of the same with the IRS, a copy of each funding waiver request filed with respect to any Benefit Plan and all written communications received by the Borrower or any ERISA Affiliate with respect to such request;

(f) within fifteen (15) Business Days after the occurrence of any material increase in the benefits of any existing Benefit Plan or Multiemployer Plan or the establishment of any new Benefit Plan or the commencement of contributions to any Benefit Plan or Multiemployer Plan to which the Borrower or any ERISA Affiliate to which the Borrower or any ERISA Affiliate was not previously contributing, notification of such increase, establishment or commencement;

(g) within fifteen (15) Business Days after the Borrower or any ERISA Affiliate receives notice of the PBGC's intention to terminate a Benefit Plan or to have a trustee appointed to administer a Benefit Plan, copies of each such notice;

(h) within fifteen (15) Business Days after the Borrower or any of its Subsidiaries receives notice of any unfavorable determination letter from the IRS regarding the qualification of a Plan under Section 401(a) of the Internal Revenue Code, copies of each such letter to the extent any of the foregoing would have a Material Adverse Effect;

(i) within fifteen (15) Business Days after the Borrower or any ERISA Affiliate receives notice from a Multiemployer Plan regarding the imposition of withdrawal liability, copies of each such notice;

(j) within fifteen (15) Business Days after the Borrower or any ERISA Affiliate fails to make a required installment or any other required payment under Section 412 of the Internal Revenue Code on or before the due date for such installment or payment which failure has not been cured, a notification of such failure; and

(k) within fifteen (15) Business Days after the Borrower or any ERISA Affiliate knows or has reason to know (i) a Multiemployer Plan has been terminated, (ii) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (iii) the PBGC has instituted or has given written notice that it will institute proceedings under

Section 4042 of ERISA to terminate a Multiemployer Plan, notification of such termination, intention to terminate, or institution of proceedings.

For purposes of this Section 8.6, the Borrower and any ERISA Affiliate shall be deemed to know all facts known by the "Administrator" of any Plan of which the Borrower or any ERISA Affiliate is the plan sponsor.

8.7. ENVIRONMENTAL NOTICES. The Borrower shall notify the Administrative Agent (with copies for each of the Lenders) in writing, promptly upon any officer of the Borrower responsible for the environmental matters at any Property of the Borrower learning thereof, of any of the following (together with any material documents and correspondence received or sent in connection therewith):

(a) notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant into the environment, if such liability would result in a Material Adverse Effect;

(b) notice that the Borrower or any of its Subsidiaries is subject to investigation by any Governmental Authority evaluating whether any Remedial Action is needed to respond to the Release or threatened Release of any Contaminant into the environment which would have a Material Adverse Effect;

(c) notice that any Property of the Borrower or any of its Subsidiaries is subject to an Environmental Lien if the claim to which such Environmental Lien relates would result in a Material Adverse Effect;

(d) notice of violation by the Borrower or any of its Subsidiaries of any Environmental, Health or Safety Requirement of Law which violation would have a Material Adverse Effect;

(e) commencement or written threat of any judicial or administrative proceeding alleging a violation by the Borrower or any of its Subsidiaries of any Environmental, Health or Safety Requirement of Law, which would result in a Material Adverse Effect; or

(f) any proposed acquisition of stock, assets, real estate, or leasing of Property by the Borrower or any of its Subsidiaries that would subject the Borrower or any of its Subsidiaries to environmental, health or safety Liabilities and Costs which would result in a Material Adverse Effect.

8.8. LABOR MATTERS. The Borrower shall notify the Administrative Agent (with copies for each of the Lenders) in writing, promptly upon the Borrower's learning thereof, of any labor dispute to which the Borrower or any of its Subsidiaries is reasonably expected to become a party (including, without limitation, any strikes, lockouts or other disputes relating to any Property of such Persons and other facilities) which would result in a Material Adverse Effect.

8.9. NOTICES OF ASSET SALES AND/OR ACQUISITIONS. The Borrower shall deliver to the Administrative Agent and the Lenders written notice of each of the following events affecting the Company, the Borrower or their respective Subsidiaries not less than five (5) Business Days prior to the occurrence thereof: (a) a sale, transfer or other disposition of (i) an Unencumbered Project or Unencumbered New York City Asset or (ii) other assets, in a single transaction or series of

related transactions within the two preceding calendar quarter periods, for consideration in excess of \$50,000,000, (b) an acquisition of assets, in a single transaction or series of related transactions within the two preceding calendar quarter period, for consideration in excess of \$50,000,000, (c) the grant of a Lien with respect to (i) an Unencumbered Project or Unencumbered New York City Asset or (ii) other assets, in a single transaction or series of related transactions within the two preceding calendar quarter periods, for consideration in excess of \$50,000,000 and (d) a release from an escrow account of the proceeds of a qualified, deferred exchange under ss.1031 of the Internal Revenue Code. In addition, simultaneously with delivery of any such notice, the Borrower shall deliver to the Administrative Agent a certificate of an Authorized Officer certifying that Borrower is in compliance with this Agreement and the other Loan Documents both on a historical basis and on a pro forma basis, exclusive of the property sold, transferred and/or encumbered and inclusive of the property to be acquired or the indebtedness to be incurred.

To the extent such proposed transaction would result in a failure to comply with the covenants set forth herein, the Borrower shall (i) apply the proceeds of such transaction (together with such additional amounts as may be required), to prepay the Obligations in an amount, as determined by the Administrative Agent, equal to that which would be required to reduce the Obligations so that Borrower will be in compliance with the covenants set forth herein upon the consummation of the contemplated transaction, to the extent such proceeds are not applied pursuant to clauses (ii) or (iii); (ii) to the extent applicable, segregate the net proceeds of such transaction in an escrow account with the Administrative Agent or with a financial institution reasonably acceptable to the Administrative Agent and apply such net proceeds solely to a qualified, deferred exchange under ss.1031 of the Internal Revenue Code that results in compliance with the covenants set forth herein upon the consummation of the contemplated transaction, or with the prior written approval of the Requisite Lenders to another use, to the extent such proceeds are not applied pursuant to clauses (i) or (iii); or (iii) to the extent applicable, complete an exchange of such assets for other real property of equivalent value under ss.1031 of the Internal Revenue Code that results in compliance with the covenants set forth herein upon the consummation of the contemplated transaction, to the extent such proceeds are not applied pursuant to clauses (i) or (ii).

8.10. NOTICES OF JOINT VENTURES. The Borrower shall deliver to the Administrative Agent and the Lenders written notice of each of the following not less than two (2) Business Days prior to the occurrence thereof: (a) the acquisition of an interest in a Joint Venture in excess of \$5,000,000, (b) the investment of an amount in excess of \$5,000,000 in a Joint Venture of which the Administrative Agent and the Lenders have not previously received notice, and (c) the sale of an interest in a Subsidiary that results in the same becoming a Joint Venture. Simultaneously with the delivery of the Compliance Certificates, the Borrower shall deliver to the Administrative Agent and the Lenders written notice of the formation of any other Joint Venture.

8.11. TENANT NOTIFICATIONS. The Borrower shall promptly notify the Administrative Agent upon obtaining knowledge of the bankruptcy or cessation of operations of any tenant to which greater than three and one half percent (3.5%) of the Borrower's share of annual base rent (as reported in the Borrower's most recent quarterly financial statements) is attributable to such tenant.

8.12. OTHER REPORTS. The Borrower shall deliver or cause to be delivered to the Administrative Agent (with copies for each of the Lenders) copies of all financial statements and reports, if any, sent or made available generally by the Company and/or the Borrower to its respective Securities holders, including, without limitation, supplemental quarterly forms, or (to

the extent not otherwise provided hereunder), all press releases made available generally by the Company and/or the Borrower or any of its Subsidiaries to the public concerning material adverse developments in the business of the Company, the Borrower or any such Subsidiary and all material notifications received by the Company, the Borrower or their Subsidiaries pursuant to the Securities Exchange Act and the rules promulgated thereunder.

8.13. OTHER INFORMATION. Promptly upon receiving a request therefor from the Administrative Agent or any Arranger, the Borrower shall prepare and deliver to the Administrative Agent (with copies for each of the Lenders) such other information with respect to the Company, the Borrower, or any of their Subsidiaries, as from time to time may be reasonably requested by the Administrative Agent or any Arranger, including without limitation, rent rolls, title reports, environmental site assessments, and tax returns.

ARTICLE IX.
AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as any Revolving Credit Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than indemnities pursuant to Section 14.3 not yet due), unless the Requisite Lenders shall otherwise give prior written consent:

9.1. EXISTENCE. ETC. The Borrower shall, and shall cause each of its Subsidiaries and the Company to, at all times maintain its corporate existence or existence as a limited partnership, limited liability company or joint venture, as applicable, and preserve and keep, or cause to be preserved and kept, in full force and effect its rights and franchises material to its businesses, except where the loss or termination of such rights and franchises will not have a Material Adverse Effect.

9.2. POWERS; CONDUCT OF BUSINESS. The Borrower shall remain qualified, and shall cause each of its Subsidiaries and the Company to qualify and remain qualified, to do business and maintain its good standing in each jurisdiction in which the nature of its business and the ownership of its Property requires it to be so qualified and in good standing if the failure to do so will have a Material Adverse Effect.

9.3. COMPLIANCE WITH LAWS. ETC. The Borrower shall, and shall cause each of its Subsidiaries and the Company to, (a) comply with all Requirements of Law and all restrictive covenants affecting such Person or the business, Property or operations of such Person, and (b) obtain and maintain as needed all Permits necessary for its operations (including, without limitation, the operation of the Projects) and maintain such Permits in good standing, except where noncompliance with either clause (a) or (b) above will not have a Material Adverse Effect.

9.4. PAYMENT OF TAXES AND CLAIMS. (a) The Borrower shall pay, and cause each of its Subsidiaries and the Company to pay, (i) all material taxes, assessments and other governmental charges imposed upon it or on any of its Property or assets or in respect of any of its franchises, licenses, receipts, sales, use, payroll, employment, business, income or Property before any penalty or interest accrues thereon, and (ii) all material Claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or may become a Lien (other than a Lien permitted by Section 10.2 or a Customary Permitted Lien for property taxes and assessments not yet due upon any of the Borrower's, the Company's or any of the Borrower's Subsidiaries' Property, prior to the

time when any penalty or fine shall be incurred with respect thereto; PROVIDED, HOWEVER, that no such taxes, assessments, fees and governmental charges referred to in clause (i) above or Claims referred to in clause (ii) above need be paid if being contested in good faith by appropriate proceedings diligently instituted and conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor.

9.5. INSURANCE. The Borrower shall maintain for itself and its Subsidiaries, or shall cause each of its Subsidiaries to maintain in full force and effect the insurance policies and programs listed on SCHEDULE 7.1-T or substantially similar policies and programs or other policies and programs as are reasonably acceptable to the Administrative Agent. All such policies and programs shall be maintained with insurers having an Alfred M. Best Company, Inc. rating of "A" or better (or if approved by the Administrative Agent, a rating of "A-") and a financial size category of not less than VIII.

9.6. INSPECTION OF PROPERTY, BOOKS AND RECORDS DISCUSSIONS. The Borrower shall permit, and cause each of its Subsidiaries and the Company to permit, any authorized representative(s) designated by the Administrative Agent or any Arranger or Lender (coordinated through the Administrative Agent) to visit and inspect any of the Projects, to examine, audit, and check their respective financial and accounting records, books, journals, orders, receipts and any correspondence and other data relating to their respective businesses or the transactions contemplated hereby (including, without limitation, in connection with environmental compliance, hazard or liability), and to discuss their affairs, finances and accounts with their officers and independent certified public accountants, upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested. Each such visitation and inspection shall be at such visitor's expense. The Borrower shall keep and maintain, and cause its Subsidiaries to keep and maintain, in all material respects proper books of record and account in which entries are made in conformity with GAAP.

9.7. ERISA COMPLIANCE. The Borrower shall, and shall cause each of its Subsidiaries and ERISA Affiliates to, establish, maintain and operate all Benefit Plans to comply in all material respects with the provisions of ERISA, the Internal Revenue Code, all other applicable laws, and the regulations and interpretations thereunder and the respective requirements of the governing documents for such Plans.

9.8. MAINTENANCE OF PROPERTY. The Borrower shall, and shall cause each of its Subsidiaries to, maintain in all material respects all of their respective owned and leased Property in good, safe and insurable condition and repair (ordinary wear and tear excepted), and not permit, commit or suffer any waste or abandonment of any such Property and from time to time shall make or cause to be made all material repairs, renewals and replacements thereof, including, without limitation, any capital improvements which may be required to maintain the same; PROVIDED, HOWEVER, that such Property may be altered or renovated in the ordinary course of business of the Borrower or such applicable Subsidiary. Without any limitation on the foregoing, the Borrower shall maintain each Project that is an office or industrial Project as an office or industrial Project.

9.9. COMPANY STATUS. The Borrower shall cause the Company to, and the Company shall, at all times (1) remain a publicly traded company listed on the New York Stock Exchange; (2) maintain its status as a REIT under the Internal Revenue Code, and (3) retain direct or indirect management and control of the Borrower.

9.10. OWNERSHIP OF PROJECTS, JOINT VENTURES AND PROPERTY. The ownership of substantially all wholly owned Projects, Joint Ventures and other Property of the Consolidated Businesses shall be held by the Borrower and its Subsidiaries and shall not be held directly by the Company.

9.11. MAINTENANCE OF OPERATING ACCOUNTS. The Borrower shall at all times during the Revolving Credit Period maintain a demand deposit account held by Administrative Agent (the "OPERATING ACCOUNT") and shall cause funds to be deposited therein in an amount sufficient to permit the Administrative Agent to automatically deduct therefrom the respective interest payments on the obligations at 12:00 p.m. on the first Business Day of each month.

9.12. ADDITIONAL GUARANTORS; SOLVENCY OF GUARANTORS.

(a) If, after the Closing Date, a Subsidiary of the Borrower that is not a Guarantor acquires any Real Property that then or thereafter qualifies under the definition of Unencumbered Project or Unencumbered New York City Asset or any other Unencumbered asset and such Property or asset is directly or indirectly wholly-owned or ground leased by the Borrower, the Borrower shall cause such Person (which Person must be or become a wholly-owned Subsidiary of the Borrower) to execute and deliver a Guaranty to the Administrative Agent and the Lenders in substantially the form of EXHIBIT L hereto. Such Guaranty shall evidence consideration and equivalent value.

(b) The Borrower, the Company, and each other Guarantor are Solvent. The Borrower and the Company each acknowledge that, subject to the indefeasible payment and performance in full of the Obligations, the rights of contribution among each of them and the other Guarantors are in accordance with applicable laws and in accordance with each such Person's benefits under the Loans and this Agreement. The Borrower further acknowledges that, subject to the indefeasible payment and performance in full of the Obligations, the rights of subrogation of the Guarantors as against the Borrower and the Company are in accordance with applicable laws.

(c) Other than during the continuance of a Potential Event of Default or Event of Default, at the request of the Borrower following the delivery of the certificate of an Authorized Officer in accordance with Section 8.9 hereof, the Guaranty of any Guarantor shall be released by the Administrative Agent if and when all of the Real Property owned or ground-leased by such Guarantor shall cease (not thereby creating a Potential Event of Default or Event of Default) to be an Unencumbered Project or Unencumbered New York City Asset which is wholly-owned by a Consolidated Business, PROVIDED the foregoing shall never permit the release of the Company.

9.13. FURTHER ASSURANCES. The Borrower will, and will cause each Guarantor to, cooperate with, and to cause each of its Subsidiaries to cooperate with, the Administrative Agent and the Lenders and execute such further instruments and documents as the Lenders or the Administrative Agent shall reasonably request to carry out to their reasonable satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

9.14. DISTRIBUTIONS IN THE ORDINARY COURSE. In the ordinary course of business the Borrower causes all of its Subsidiaries to make net transfers of cash and cash equivalents upstream to the Borrower and the Company, and shall continue to follow such ordinary course of

business. The Borrower shall not make net transfers of cash and cash equivalents downstream to its Subsidiaries except in the ordinary course of business consistent with past practice.

ARTICLE X.
NEGATIVE COVENANTS

Borrower covenants and agrees that it shall comply with the following covenants so long as any Revolving Credit Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than indemnities pursuant to Section 14.3 not yet due), unless the Requisite Lenders shall otherwise give prior written consent:

10.1. INTENTIONALLY OMITTED.

10.2. LIENS. Neither the Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any Property, except:

(a) Liens with respect to Capital Leases of Equipment entered into in the ordinary course of business of the Borrower or its Subsidiaries pursuant to which the aggregate Indebtedness under such Capital Leases does not exceed \$1,000,000 for any Project;

(b) Existing Permitted Liens;

(c) Liens securing permitted Secured Indebtedness; provided that the incurrence of such Liens shall be subject to compliance with Section 4.1(d) and Section 8.9 hereof; and

(d) Customary Permitted Liens.

10.3. INTENTIONALLY OMITTED.

10.4. CONDUCT OF BUSINESS. Neither the Borrower nor any of its Subsidiaries shall engage in any business, enterprise or activity other than (a) the businesses of acquiring, developing, re-developing, financing, leasing and managing predominantly office and industrial Projects and portfolios of like Projects, (b) any business or activities which are substantially similar, related or incidental thereto, (c) investments in and loans to Investment Funds, FrontLine Capital Group, Subsidiaries, Affiliates and Joint Ventures and unaffiliated entities (to the extent permitted hereunder) and (d) other activities referred to in Section 2.3 hereof.

10.5. TRANSACTIONS WITH PARTNERS AND AFFILIATES. Neither the Borrower nor any of its Subsidiaries shall directly or indirectly enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder or holders of more than five percent (5%) of any class of equity Securities of the Borrower, or with any Affiliate of the Borrower which is not its Subsidiary or the Company, unless such transaction is determined by the Board of Directors of the Company to be no less favorable to the Borrower or any of its Subsidiaries, as applicable, than those that might be obtained in an arm's length transaction at the time from Persons who are not such a holder or Affiliate (other than transactions referred to in Section 2.3). Nothing contained in this Section 10.5 shall prohibit (a) increases in compensation and benefits for officers and employees of the Company, the Borrower or any of its Subsidiaries; (b) payment of officers', managers',

trustees', directors', partners' and other similar indemnities; (c) performance of any obligations arising under the Loan Documents; or (d) loans to Persons in connection with such Person's contribution of Real Property to the Consolidated Businesses or Joint Ventures.

10.6. RESTRICTION ON FUNDAMENTAL CHANGES. The Borrower shall not, and shall not permit any of the Guarantors to, enter into any merger, consolidation or amalgamation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or substantially all of the Borrower's or such Guarantor's business or Property, whether now or hereafter acquired, except in connection with issuance, transfer, conversion or repurchase of limited partnership interests in the Borrower. Notwithstanding the foregoing, (a) the Borrower or a Guarantor shall be permitted to merge, consolidate or amalgamate with another Person so long as the Borrower or such Guarantor, as the case may be, is the surviving Person following such merger, consolidation or amalgamation, (b) a Guarantor (other than the Company) shall be permitted to merge, consolidate or amalgamate with or into the Borrower or another Guarantor, and (c) so long as no Potential Event of Default or Event of Default has occurred and is continuing and following the delivery by the Borrower to the Administrative Agent of a certificate of an Authorized Officer certifying that Borrower is in compliance with this Agreement and the other Loan Documents on a pro forma basis, exclusive of the properties owned by a Guarantor, such Guarantor (other than the Company) shall be permitted to merge, consolidate or amalgamate with or into another Person.

10.7. MARGIN REGULATIONS; SECURITIES LAWS. Neither the Borrower nor any of its Subsidiaries shall use all or any portion of the proceeds of any credit extended under this Agreement to purchase or carry Margin Stock.

10.8. ERISA. The Borrower shall not and shall not permit any of its Subsidiaries or ERISA Affiliates to:

(a) engage in any prohibited transaction described in Sections 406 of ERISA or 4975 of the Internal Revenue Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the DOL, except to the extent engaging in such transaction would not have a Material Adverse Effect;

(b) permit to exist any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the Internal Revenue Code), with respect to any Benefit Plan, whether or not waived;

(c) fail to pay timely required contributions or annual installments due with respect to any waived funding deficiency to any Benefit Plan;

(d) terminate any Benefit Plan which would result in any liability of Borrower or any ERISA Affiliate under Title IV of ERISA;

(e) fail to make any contribution or payment to any Multiemployer Plan which Borrower or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto, except to the extent such failure would not have a Material Adverse Effect;

(f) fail to pay any required installment or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment; or

(g) amend a Benefit Plan resulting in an increase in current liability for the plan year such that the Borrower or any ERISA Affiliate is required to provide security to such Plan under Section 401(a)(29) of the Internal Revenue Code.

10.9. ORGANIZATIONAL DOCUMENTS. Neither the Company nor the Borrower shall, and the Borrower shall not permit any Guarantor to, amend, modify or otherwise change any of the terms or provisions in any of their respective Organizational Documents as in effect on the Closing Date, except amendments to effect (a) a change of name of the Borrower or such Guarantor, PROVIDED that the Borrower shall have provided the Administrative Agent with thirty (30) days prior written notice of any such name change, or (b) changes that would not affect such Organizational Documents in any material manner not otherwise prohibited under this Agreement.

10.10. FISCAL YEAR. Neither the Company, the Borrower nor any of their Subsidiaries shall change its Fiscal Year for accounting or tax purposes from a period consisting of the 12-month period ending on December 31 of each calendar year.

10.11. FINANCIAL COVENANTS.

(a) INDEBTEDNESS. Neither the Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except (i) Total Outstanding Indebtedness which would not exceed fifty-five percent (55%) of Total Value as of the date of incurrence, (ii) Total Secured Outstanding Indebtedness which would not exceed forty percent (40%) of Total Value as of the date of incurrence or (iii) Total Recourse Secured Outstanding Indebtedness which would not exceed ten percent (10%) of Total Value as of the date of incurrence.

(b) MINIMUM COMBINED EQUITY VALUE. The Combined Equity Value shall at no time be less than \$1,250,000,000, plus an amount equal to seventy percent (70%) of all Net Offering Proceeds received by the Company after the date hereof.

(c) INTENTIONALLY OMITTED.

(d) MINIMUM UNSECURED INTEREST COVERAGE RATIO. As of the first day of each calendar quarter for the immediately preceding calendar quarter, the ratio of (i) Adjusted Unencumbered NOI to (ii) Unsecured Interest Expense shall not be less than 2.0 to 1.0.

(e) LIMITATION ON TOTAL UNSECURED OUTSTANDING INDEBTEDNESS. As of the first day of each calendar quarter for the immediately preceding calendar quarter, the ratio of (i) Total Unsecured Outstanding Indebtedness to (ii) Total Unencumbered Value (including Eligible Cash 1031 Proceeds, to the extent not already included) shall not exceed 0.60 to 1.0.

(f) MINIMUM TOTAL INTEREST COVERAGE RATIO. As of the first day of each calendar quarter for the immediately preceding calendar quarter, the ratio of (i) Total Adjusted EBITDA to (ii) Total Interest Expense shall not be less than 2.0 to 1.0.

(g) MINIMUM FIXED CHARGE COVERAGE RATIO. As of the first day of each calendar quarter for the immediately preceding calendar quarter, the ratio of (i) Total Adjusted EBITDA to (ii) Fixed Charges shall not be less than 1.60 to 1.0.

(h) MAXIMUM DIVIDEND PAYOUT RATIO. The Borrower shall not make any Restricted Payment during any of its fiscal quarters, which, when added to all Restricted Payments made during the three immediately preceding fiscal quarters, exceeds the greater of (i) 90% of FFO of the Borrower, and (ii) the amounts required to maintain the Company's status as a REIT under the Internal Revenue Code, and, provided an Event of Default shall not have occurred and be continuing, to avoid federal income and excise tax liability. For purposes of this provision, "RESTRICTED PAYMENT" means any cash dividend or other cash distribution on any interest in the Borrower's common operating partnership units or on any of the Borrower's common partnership interests or other common equity interests (except dividends or distributions payable solely in interests in operating partnership units, partnership interests, or other equity interests or in rights to subscribe for or purchase interests in its operating partnership units, partnership interests, or other equity interests and except dividends or distributions which are necessary to pay dividends or distributions on preferred stock or other preferred equity interests of the Company).

(i) DEVELOPMENT ACTIVITIES. As of the first day of each calendar quarter for the immediately preceding calendar quarter, the ratio of (i) Budgeted Construction Cost to (ii) Total Value shall not exceed 0.20 to 1.0.

(j) NEGATIVE PLEDGE. From and after the date hereof, neither the Borrower nor the Company will, and will not permit any of their respective Subsidiaries, to enter into any agreement containing any provision prohibiting the creation or assumption of any Lien upon its properties, revenues or assets (other than with respect to (i) prohibitions on subordinate liens or prohibitions on pledges of direct or indirect ownership interests (other than pledges of direct ownership interests in the Borrower or any Subsidiary that owns an Unencumbered Project or Unencumbered New York City Asset) set forth in a mortgage on a particular property, (ii) customary restrictions contained in the Organizational Documents of a Joint Venture, or (iii) restrictions contained in the Organizational Documents of the Borrower on the ability of its general partner and limited partner to pledge and transfer partnership interests in the Borrower), whether now owned or hereafter acquired, or restricting the ability of the Borrower to amend or modify this Agreement or any other Loan Document.

(k) PRO FORMA CALCULATIONS. The Borrower shall comply with the financial ratios set forth in this Section 10.11 as of the date of each Borrowing. The Borrower shall recalculate the financial ratios in Sections 10.11(a) and 10.11(e) by adding the deemed amount equal to the applicable Borrowing to the Indebtedness reflected on the most recently available financial statements, and adding thereto any Indebtedness incurred since the date of such financial statement and adding, without duplication, the cash from such Borrowing and the value of any assets (determined at cost) acquired with such Indebtedness to Total Value.

10.12. NEGATIVE COVENANTS WITH RESPECT TO THE COMPANY.

(a) From and after the date hereof, the Company will not acquire any assets of any nature whatsoever other than additional units in the Borrower, Cash or Cash Equivalents in the ordinary course of business or in connection with the payment of dividends.

(b) From and after the date hereof, the Company will not incur any Indebtedness or any other obligations or liabilities except (i) as imposed by operation of law on the Company in its capacity as the general partner of the Borrower, (ii) Indebtedness, the net proceeds of which are contributed to the Borrower simultaneously with the incurrence thereof by the Company, (iii) guarantees of Indebtedness which are recourse to the Borrower, (iv) in connection with the payment of a declared dividend and (v) otherwise as imposed by law.

(c) From and after the date hereof, the Company will not retain any Net Offering Proceeds, and the same will be contributed by the Company to the Borrower simultaneously with receipt thereof by the Company.

(d) The Company shall not enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, any of its business or assets, including its interests in the Borrower. Notwithstanding the foregoing, the Company shall be permitted to merge with another Person so long as the Company is the surviving Person following such merger.

ARTICLE XI.
EVENTS OF DEFAULT; RIGHTS AND REMEDIES

11.1. EVENTS OF DEFAULT. Each of the following occurrences shall constitute an Event of Default under this Agreement:

(a) FAILURE TO MAKE PAYMENTS WHEN DUE. The Borrower shall fail to pay (i) when due any principal payment on the Obligations which is due on the Revolving Credit Termination Date or pursuant to the terms of Section 2.1(a), Section 2.4, Section 4.1(a), or Section 4.1(d) or (ii) when due, any interest payment on the obligations, provided, however, that the Borrower shall be entitled to a five (5) day grace period with respect to any interest payment but not more than one time in any twelve (12) month period during the term hereof, or (iii) when due, any principal payment on the Obligations not referenced in clauses (i) or (ii) hereinabove or (iv) when due, any fees due pursuant to the terms of Section 5.3 and such default shall continue for five (5) days.

(b) BREACH OF CERTAIN COVENANTS. The Borrower shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on such Person under Sections 9.1, 9.4, 9.5, 9.10, 9.11 or Article X.

(c) BREACH OF REPRESENTATION OR WARRANTY. Any representation or warranty made or deemed made by the Borrower or any of the parties to the Guaranties to the Administrative Agent, any Arranger or any Lender herein or by the Borrower or any of the parties to the Guaranties or any of their Subsidiaries in any of the other Loan Documents or in any statement or certificate at any time given by any such Person pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made or deemed made or given.

(d) OTHER DEFAULTS. The Borrower shall default in the performance of or compliance with any terms contained in this Agreement (other than as identified in paragraphs (a), (b) or (c) of this Section 11.1), or any default or event of default shall occur under any of the

other Loan Documents, and such default or event of default shall continue for thirty (30) days after receipt of written notice from the Administrative Agent thereof.

(e) ACCELERATION OF OTHER INDEBTEDNESS. Any breach, default or event of default shall occur and be continuing, or any other condition shall exist under any instrument, agreement or indenture pertaining to any recourse Indebtedness (other than the Obligations) of the Company, the Borrower or their Subsidiaries aggregating more than \$10,000,000, and the effect thereof is to cause an acceleration, mandatory redemption or other required repurchase of such Indebtedness, or permit the holder(s) of such Indebtedness to accelerate the maturity of any such Indebtedness or require a redemption or other repurchase of such Indebtedness; or any such Indebtedness shall be otherwise declared to be due and payable (by acceleration or otherwise) or required to be prepaid, redeemed or otherwise repurchased by the Borrower or any of its Subsidiaries (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or any such Indebtedness shall not be repaid at maturity (after taking into account grace and cure periods).

(f) INVOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER, ETC.

(i) An involuntary case shall be commenced against the Company, the Borrower or any of its Subsidiaries to which \$25,000,000 or more of the Combined Equity Value is attributable, and the petition shall not be dismissed, stayed, bonded or discharged within sixty (60) days after commencement of the case; or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company, the Borrower or any such Subsidiaries of the Borrower in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law; or the respective board of directors of the Company, or General Partner or Limited Partners of the Borrower or the board of directors or partners of any such Subsidiaries of the Borrower (or any committee thereof) adopts any resolution or otherwise authorizes any action to approve any of the foregoing.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Company, the Borrower or any of their Subsidiaries to which \$25,000,000 or more of the Combined Equity Value is attributable, or over all or a substantial part of the Property of the Company, the Borrower or any of such Subsidiaries, shall be entered; or an interim receiver, trustee or other custodian of the Company, the Borrower or any of such Subsidiaries or of all or a substantial part of the Property of the Company, the Borrower or any of such Subsidiaries shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the Property of any of the Company, the Borrower, or any of such Subsidiaries shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within sixty (60) days after entry, appointment or issuance; or the respective board of directors of any of the Company or General Partners or Limited Partners of the Borrower or the board of directors or partners of any of Borrower's Subsidiaries (or any committee thereof) adopts any resolution or otherwise authorizes any action to approve any of the foregoing.

(g) VOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER. ETC. The Company, the Borrower or any of their Subsidiaries to which \$25,000,000 or more of the Combined Equity

Value is attributable, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its Property; or the Company, the Borrower or any of such Subsidiaries shall make any assignment for the benefit of creditors or shall be unable or fail, or admit in writing its inability, to pay its debts as such debts become due.

(h) JUDGMENTS AND UNPERMITTED LIENS.

(i) Any money judgment (other than a money judgment covered by insurance as to which the insurance company has acknowledged coverage), writ or warrant of attachment, or similar process against the Borrower or any of its Subsidiaries or any of their respective assets involving in any case an amount in excess of \$5,000,000 (other than with respect to Claims arising out of non-recourse Indebtedness) is entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than five (5) days prior to the date of any proposed sale thereunder.

(ii) A federal, state, local or foreign tax Lien is filed against the Borrower which is not discharged of record, bonded over or otherwise secured to the satisfaction of the Administrative Agent within sixty (60) days after the filing thereof or the date upon which the Administrative Agent receives actual knowledge of the filing thereof for an amount which, either separately or when aggregated with the amount of any judgments described in clause (i) above, equals or exceeds \$5,000,000.

(iii) An Environmental Lien is filed against any Project with respect to Claims in an amount which, either separately or when aggregated with the amount of all other such Environmental Liens, equals or exceeds \$5,000,000.

(i) DISSOLUTION. Any order, judgment or decree shall be entered against the Borrower or any Guarantor decreeing its involuntary dissolution or split up; or the Borrower or any Guarantor shall otherwise dissolve or cease to exist except as specifically permitted by this Agreement.

(j) LOAN DOCUMENTS. At any time, for any reason, any Loan Document ceases to be in full force and effect or the Borrower or any Guarantor seeks to repudiate its obligations thereunder.

(k) ERISA TERMINATION EVENT. Any ERISA Termination Event occurs which the Administrative Agent believes could subject any of the Borrower or any ERISA Affiliate to liability in excess of \$500,000.

(l) WAIVER APPLICATION. The plan administrator of any Benefit Plan applies under Section 412 (d) of the Internal Revenue Code for a waiver of the minimum funding standards of Section 412 (a) of the Internal Revenue Code and the Administrative Agent believes that the substantial business hardship upon which the application for the waiver is based could subject either the Borrower or any ERISA Affiliate to liability in excess of \$500,000.

(m) MATERIAL ADVERSE EFFECT. An event shall occur which has a Material Adverse Effect.

(n) CERTAIN DEFAULTS PERTAINING TO THE COMPANY. The Company shall fail to comply with Section 9.9, or any representation or warranty contained in Section 7.1(a)(ii), (b), (d), (l), or (o) shall be false or misleading in any material respect on the date as of which made.

(o) MERGER OR LIQUIDATION OF THE COMPANY, THE BORROWER. The Company shall merge or liquidate with or into any other Person and, as a result thereof and after giving effect thereto, (i) the Company is not the surviving Person or (ii) such merger or liquidation would effect an acquisition of or Investment in any Person which is prohibited or results in a Potential Event of Default or an Event of Default under the terms of this Agreement. The Borrower shall merge or liquidate with or into any other Person and, as a result thereof and after giving effect thereto, (i) the Borrower is not the surviving Person or (ii) such merger or liquidation would effect an acquisition of or Investment in any Person which is prohibited or results in a Potential Event of Default or an Event of Default under the terms of this Agreement.

An Event of Default shall be deemed "continuing" until cured or waived in writing in accordance with Section 14.7.

11.2. RIGHTS AND REMEDIES.

(a) ACCELERATION AND TERMINATION. Upon the occurrence of any Event of Default described in Sections 11.1(f) or 11.1(g), the Revolving Credit Commitments shall automatically and immediately terminate and the unpaid principal amount of, and any and all accrued interest on, the Obligations and all accrued fees and other Obligations shall automatically become immediately due and payable, without presentment, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisalment, diligence, presentment, notice of intent to demand or accelerate and of acceleration), all of which are hereby expressly waived by the Borrower, and, upon the occurrence and during the continuance of any other Event of Default, the Administrative Agent shall at the request, or may with the consent, of the Lenders whose Pro Rata Shares, in the aggregate, are greater than fifty-one percent (51%), by written notice to the Borrower, (i) declare that the Revolving Credit Commitments are terminated, whereupon the Revolving Credit Commitments and the obligation of each Lender to make any Loan hereunder and of each Lender to issue or participate in any Letter of Credit not then issued shall immediately terminate, and/or (ii) declare the unpaid principal amount of and any and all accrued and unpaid interest on the Obligations and all other Obligations to be, and the same shall thereupon be, immediately due and payable, without presentment, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisalment, diligence, presentment, notice of intent to demand or accelerate and of acceleration), all of which are hereby expressly waived by the Borrower and/or (iii) require the Borrower to provide cash collateral in an amount equal to the sum of (A) all outstanding Reimbursement Obligations plus (B) the aggregate undrawn face amount of all outstanding Letters of Credit.

(b) RESCISSION. If within ninety (90) days after termination of the Revolving Credit Commitments and/or acceleration of the maturity of the Loans, the Borrower shall pay all arrears of interest and all payments on account of principal of the Loans and Reimbursement Obligations which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Potential Events of Default (other than nonpayment of

principal of and accrued interest on the Loans due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 14.7, then upon the written consent of the Requisite Lenders and written notice to the Borrower, the termination of the Revolving Credit Commitments and/or the acceleration and their consequences may be rescinded and annulled; but such action shall not affect any subsequent Event of Default or Potential Event of Default or impair any right or remedy consequent thereon. The provisions of the preceding sentence are intended merely to bind the Lenders to a decision which may be made at the election of the Requisite Lenders; they are not intended to benefit the Borrower and do not give the Borrower the right to require the Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

(c) ENFORCEMENT. The Borrower acknowledges that in the event the Borrower, the Guarantors or any of their Subsidiaries fails to perform, observe or discharge any of their respective obligations or liabilities under this Agreement or any other Loan Document, any remedy of law may prove to be inadequate relief to the Administrative Agent, the Arrangers and the Lenders; therefore, the Borrower agrees that the Administrative Agent, the Arrangers and the Lenders shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

ARTICLE XII.
THE AGENTS

12.1. APPOINTMENT. (a) Each Lender hereby designates and appoints JPMorgan as the Administrative Agent, Wells Fargo Bank, National Association, as the Syndication Agent, Citicorp North America, Inc., Wachovia Bank, National Association and Deutsche Bank Trust Company Americas, Inc., as Co-Documentation Agents, KeyBank, National Association, The Bank of New York, The Bank of Nova Scotia, ING Real Estate Finance (USA) LLC, and PNC Bank, National Association, as the Co-Agents, and the Arrangers as the arrangers of such Lender under this Agreement, and each Lender hereby irrevocably authorizes the Administrative Agent, the other Agents and the Arrangers to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers in each case only as are set forth herein or therein together with such other powers as are reasonably incidental thereto. The Administrative Agent, the other Agents and the Arrangers each agrees to act as such on the express conditions contained in this Article XII.

(b) The provisions of this Article XII are solely for the benefit of the Administrative Agent, the Syndication Agent, the Documentation Agents, the Co-Agents, the Arrangers and the Lenders, and neither the Borrower, the Company nor any Subsidiary of the Borrower shall have any rights to rely on or enforce any of the provisions hereof (other than as expressly set forth in Section 12.7). In performing its respective functions and duties under this Agreement, the Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent, and the Arrangers shall act solely as agents of the Lenders and do not assume and shall not be deemed to have assumed any obligation or relationship of agency, trustee or fiduciary with or for the Company, the Borrower or any Subsidiary of the Borrower. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers may perform any of their respective duties hereunder, or under the other Loan Documents, by or through their respective agents or employees.

12.2. NATURE OF DUTIES. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers shall not have any duties or responsibilities

except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers shall be mechanical and administrative in nature. None of the Administrative Agent, a Documentation Agent, a Co-Agent, the Syndication Agent or any Arranger shall have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the other Loan Documents, expressed or implied, is intended to or shall be construed to impose upon the Administrative Agent, a Documentation Agent, a Co-Agent, the Syndication Agent or any Arranger any obligations in respect of this Agreement or any of the other Loan Documents except as expressly set forth herein or therein. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers each hereby agrees that its duties shall include providing copies of documents received by such Agent from the Borrower which are reasonably requested by any Lender, furnishing copies of documents to each Lender, upon request, of documents sent by such Agent to the Borrower and promptly notifying each Lender upon its obtaining actual knowledge of the occurrence of any Event of Default hereunder. In addition, the Administrative Agent shall deliver to each Lender, promptly after receipt thereof, copies of those documents and reports received by it pursuant to Sections 8.2 (other than clause (b)(iv)), 8.3, 8.4, 8.7 and 8.12.

12.3. RIGHT TO REQUEST INSTRUCTIONS. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of any of the Loan Documents such Agent is permitted or required to take or to grant, and such Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from those Lenders from whom such Agent is required to obtain such instructions for the pertinent matter in accordance with the Loan Documents. Without limiting the generality of the foregoing, such Agent shall take any action, or refrain from taking any action, which is permitted by the terms of the Loan Documents upon receipt of instructions from those Lenders from whom such Agent is required to obtain such instructions for the pertinent matter in accordance with the Loan Documents, PROVIDED, that no Lender shall have any right of action whatsoever against the Administrative Agent, a Documentation Agent, a Co-Agent, the Syndication Agent or any Arranger as a result of such Agent acting or refraining from acting under the Loan Documents in accordance with the instructions of the Requisite Lenders or, where required by the express terms of this Agreement, a greater proportion of the Lenders.

12.4. RELIANCE. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers shall each be entitled to rely upon any written notices, statements, certificates, orders or other documents believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it.

12.5. INDEMNIFICATION. To the extent that the Administrative Agent, a Documentation Agent, a Co-Agent, the Syndication Agent or any Arranger is not reimbursed and indemnified by the Borrower, the Lenders will reimburse and indemnify such Agent for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, and reasonable costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it in any way relating to or arising out of the Loan Documents or any

action taken or omitted by such Agent under the Loan Documents, in proportion to each Lender's Pro Rata Share. Notwithstanding anything to the contrary contained herein, the Administrative Agent, a Documentation Agent, a Co-Agent, the Syndication Agent or any Arranger shall not be indemnified to the extent such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs and expenses result from such Person's gross negligence, willful misconduct or breach of this Article XII. Such Agent agrees to refund to the Lenders any of the foregoing amounts paid to it by the Lenders which amounts are subsequently recovered by such Agent from the Borrower or any other Person on behalf of the Borrower. The obligations of the Lenders under this Section 12.5 shall survive the payment in full of the Loans, the Reimbursement Obligations and all other Obligations and the termination of this Agreement.

12.6. AGENTS INDIVIDUALLY. With respect to their respective Pro Rata Share of the Revolving Credit Commitments hereunder, if any, and the Loans made by them, if any, the Persons serving as the Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers shall have and may exercise the same rights and powers hereunder and are subject to the same obligations and liabilities as and to the extent set forth herein for any Lender. The terms "LENDERS" or "REQUISITE LENDERS" or any similar terms shall, unless the context clearly otherwise indicates or such Lender has assigned its interest hereunder, include JPMorgan, Citicorp North America, Inc., Wells Fargo Bank, National Association, Wachovia Bank, National Association, Deutsche Bank Trust Company Americas, Inc., KeyBank, National Association, The Bank of New York, The Bank of Nova Scotia, ING Real Estate Finance (USA) LLC, and PNC Bank, National Association, each in its respective individual capacity as a Lender or as one of the Requisite Lenders. JPMorgan, J.P. Morgan Securities Inc. and each other Arranger and each of their respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower or any of its Subsidiaries as if JPMorgan and J.P. Morgan Securities Inc. were not acting as an Agent or Arranger pursuant hereto.

12.7. SUCCESSOR AGENTS.

(a) RESIGNATION. Any Agent may resign from the performance of all its functions and duties hereunder at any time by giving at least thirty (30) Business Days' prior written notice to the Borrower and the Lenders, unless applicable law requires a shorter notice period or that there be no notice period, in which instance such applicable law shall control. Such resignation shall take effect upon the acceptance by a successor Agent of appointment pursuant to this Section 12.7.

(b) APPOINTMENT BY REQUISITE LENDERS. Upon any such resignation becoming effective, (i) if an Arranger shall then be acting with respect to this Agreement, such Arranger shall become the Administrative Agent or (ii) if no Arranger shall then be acting with respect to this Agreement, the Requisite Lenders shall have the right to appoint a successor Administrative Agent selected from among the Lenders with the prior written consent of the Borrower (so long as no Event of Default then exists), which consent shall not be unreasonably withheld.

(c) APPOINTMENT BY RETIRING AGENT. If a successor Administrative Agent shall not have been appointed within the thirty (30) Business Day or shorter period provided in paragraph (a) of this Section 12.7, the retiring Agent shall then appoint a successor Agent who shall serve as Administrative Agent until such time, if any, as the Requisite Lenders appoint a successor Agent as provided above with the prior written consent of the Borrower (so long as no

Event of Default then exists) which shall not be unreasonably withheld, PROVIDED, HOWEVER, that such successor Administrative Agent shall have total assets of not less than \$10,000,000,000.

(d) RIGHTS OF THE SUCCESSOR AND RETIRING AGENTS. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement.

12.8. RELATIONS AMONG THE LENDERS. Each Lender agrees that it will not take any legal action, or institute any actions or proceedings, against the Borrower or any other obligor hereunder with respect to any of the Obligations, without the prior written consent of the Lenders. Without limiting the generality of the foregoing, no Lender may accelerate or otherwise enforce its portion of the obligations, or unilaterally terminate its Revolving Credit Commitment except in accordance with Section 11.2(a).

12.9. STANDARD OF CARE. The Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Arrangers shall administer the Loans in the same manner that such Agent administers loans made for its own account.

ARTICLE XIII.
YIELD PROTECTION

13.1. TAXES.

(a) PAYMENT OF TAXES. Any and all payments by the Borrower hereunder or under the Notes or other documents evidencing any Obligations of such Person shall be made, in accordance with Section 4.2, free and clear of and without reduction for any and all present or future taxes, levies, imposts, deductions, charges, withholdings, and all stamp or documentary taxes, excise taxes, ad valorem taxes and other taxes which arise from the execution, delivery or registration, or from payment or performance under, or otherwise with respect to, any of the Loan Documents or the Revolving Credit Commitments and all other liabilities with respect thereto excluding, in the case of each Lender, taxes imposed on or measured by net income or overall gross receipts and capital and franchise taxes imposed on it by (i) the United States, (ii) the Governmental Authority of the jurisdiction in which such Lender's Applicable Lending Office is located or any political subdivision thereof or (iii) the Governmental Authority in which such Person is organized, managed and controlled or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges and withholdings being hereinafter referred to as "TAXES"). Except as otherwise provided herein, if the Borrower shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder or under any such Note or document to any Lender, (x) the sum payable to such Lender shall be increased as may be necessary so that after making all required withholding or deductions (including withholding or deductions applicable to additional sums payable under this Section 13.1) such Lender receives an amount equal to the sum it would have received had no such withholding or deductions been made, (y) the Borrower shall make such withholding or deductions, and (z) the Borrower shall pay the full amount withheld or deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) INDEMNIFICATION. Except as otherwise provided herein, the Borrower will indemnify each Lender against, and reimburse each Lender within ten (10) Business Days after written demand for, the full amount of all Taxes (including, without limitation, any Taxes imposed by any Governmental Authority on amounts payable under this Section 13.1 and any additional income or franchise taxes resulting therefrom) incurred or paid by such Lender and any liability (including penalties, interest, and out-of-pocket expenses paid to third parties) arising therefrom or with respect thereto, whether or not such Taxes were lawfully payable, to the extent not paid by the Borrower pursuant to this Section 13.1. A certificate as to any additional amount payable to any Person under this Section 13.1 submitted by it to the Borrower shall, absent manifest error, be final, conclusive and binding upon all parties hereto. Each Lender agrees, within a reasonable time after receiving a written request from the Borrower, to provide the Borrower and the Administrative Agent with such certificates and other documents as are reasonably required, and take such other actions as are reasonably necessary to claim such exemptions as such Lender may be entitled to claim in respect of all or a portion of any Taxes which are otherwise required to be paid or deducted or withheld pursuant to this Section 13.1 in respect of any payments under this Agreement or under the other Loan Documents. If any Lender receives any refund with respect to any Taxes, such Lender shall promptly remit such refund to the Borrower.

(c) RECEIPTS. Within thirty (30) days after the date of any payment of Taxes by the Borrower, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 14.8, the original or a certified copy of a receipt evidencing payment thereof.

(d) FOREIGN BANK CERTIFICATIONS. (i) Each Lender that is not created or organized under the laws of the United States or a political subdivision thereof shall deliver to each of the Borrower and the Administrative Agent on the Closing Date or the date on which such Lender becomes a Lender pursuant to Section 14.1 hereof a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender to the effect that such Lender is eligible to receive payments hereunder and under the Notes without deduction or withholding of United States federal income tax (I) under the provisions of an applicable tax treaty concluded by the United States (in which case the certificate shall be accompanied by two duly completed copies of IRS Form W-8BEN (or any successor or substitute form or forms)) or (II) under Sections 1441(c)(1) and 1442(a) of the Internal Revenue Code (in which case the certificate shall be accompanied by two duly completed copies of IRS Form W-8ECI (or any successor or substitute form or forms)).

(ii) Each Lender referred to in Section 13.1(d)(i) further agrees to deliver to each of the Borrower and the Administrative Agent from time to time, a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender before or promptly upon the occurrence of any event requiring a change in the most recent certificate previously delivered by it to the Borrower and the Administrative Agent pursuant to this Section 13.1(d). Each certificate required to be delivered pursuant to this Section 13.1(d)(ii) shall certify as to one of the following:

(A) that such Lender can continue to receive payments hereunder and under the Notes without deduction or withholding of United States federal income tax;

(B) that such Lender cannot continue to receive payments hereunder and under the Notes without deduction or withholding of United States federal

income tax as specified therein but does not require additional payments pursuant to Section 13.1(a) because it is entitled to recover the full amount of any such deduction or withholding from a source other than the Borrower; or

(C) that such Lender is no longer capable of receiving payments hereunder and under the Notes without deduction or withholding of United States federal income tax as specified therein and that it is not capable of recovering the full amount of the same from a source other than the Borrower.

Each such Lender agrees to deliver to each of the Borrower and the Administrative Agent further duly completed copies of the above-mentioned IRS forms on or before the earlier of (x) the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from withholding from United States federal income tax and (y) fifteen (15) days after the occurrence of any event requiring a change in the most recent form previously delivered by such Lender to the Borrower and Administrative Agent, unless any change in treaty, law, regulation, or official interpretation thereof which would render such form inapplicable or which would prevent such Lender from duly completing and delivering such form has occurred prior to the date on which any such delivery would otherwise be required and such Lender promptly advises the Borrower that it is not capable of receiving payments hereunder and under the Notes without any deduction or withholding of United States federal income tax.

(iii) Notwithstanding anything to the contrary contained in this Section 13.1, the Borrower will not be required to make any additional payment to or for the account of any Lender under Section 13.1(a) or (b) by reason of (x) a breach by such Lender of any certification or representation set forth in any form furnished to the Borrower under this Section 13.1(d), or (y) such Lender's failure or inability to furnish, if required to do so, under this Section 13.1(d) an original or renewal of a Form W-8ECI or Form W-8BEN (or successor form), as applicable, unless such failure or inability results from a change (after the date such Lender became a Lender party hereto) in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in any applicable tax treaty).

13.2. INCREASED CAPITAL. If after the date hereof any Lender determines that (i) the adoption or implementation of or any change in or in the interpretation or administration of any law or regulation or any guideline or request from any central bank or other Governmental Authority or quasi-governmental authority exercising jurisdiction, power or control over any Lender or banks or financial institutions generally (whether or not having the force of law), compliance with which affects the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (ii) the amount of such capital is increased by or based upon (A) the making or maintenance by any Lender of its Loans, any Lender's participation in or obligation to participate in the Loans, Letters of Credit or other advances made hereunder or the existence of any Lender's obligation to make Loans or (B) the issuance or maintenance by any Lender of, or the existence of any Lender's obligation to issue, Letters of Credit, then, in any such case, within ten (10) Business Days after written demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall immediately pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation therefor. Such demand shall be accompanied by a statement as to the amount of such compensation and include a brief summary of the basis for such demand. Such statement shall be conclusive and binding for all purposes, absent manifest error.

13.3. CHANGES; LEGAL RESTRICTIONS. If after the date hereof any Lender determines that the adoption or implementation of or any change in or in the interpretation or administration of any law or regulation or any guideline or request from any central bank or other Governmental Authority or quasi-governmental authority exercising jurisdiction, power or control over any Lender, or over banks or financial institutions generally (whether or not having the force of law), compliance with which:

(a) subjects a Lender (or its Applicable Lending Office or Eurodollar Affiliate) to charges (other than taxes) of any kind which such Lender reasonably determines to be applicable to the Revolving Credit Commitments of the Lenders to make Eurodollar Rate Loans or issue and/or participate in Letters of Credit or change the basis of taxation of payments to that Lender of principal, fees, interest, or any other amount payable hereunder with respect to Eurodollar Rate Loans, Competitive Bid Loans or Letters of Credit (other than taxes covered by Section 13.1(a) hereof and taxes excluded in Section 13.1(a) hereof); or

(b) imposes, modifies, or holds applicable, in the determination of a Lender, any reserve, special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities (including those pertaining to Letters of Credit) in or for the account of, advances or loans by, commitments made, or other credit extended by, or any other acquisition of funds by, a Lender or any Applicable Lending Office or Eurodollar Affiliate of that Lender in respect of Eurodollar Loans or Letters of Credit;

and the result of any of the foregoing is to increase the cost to that Lender of making, renewing or maintaining the Loans or its Revolving Credit Commitment or issuing or participating in the Letters of Credit or to reduce any amount receivable thereunder; then, in any such case, within ten (10) Business Days after written demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall immediately pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, such amount or amounts as may be necessary to compensate such Lender or its Eurodollar Affiliate for any such additional cost incurred or reduced amount received. Such demand shall be accompanied by a statement as to the amount of such compensation and include a brief summary of the basis for such demand. Such statement shall be conclusive and binding for all purposes, absent manifest error.

13.4. REPLACEMENT OF CERTAIN LENDERS. In the event a Lender (a "DESIGNATED LENDER") shall have (i) requested additional compensation from the Borrower under Section 13.1 or under Section 13.2 or under Section 13.3, (ii) failed to make its Pro Rata Share of any Loan requested to be made hereby or (iii) failed to make any Loan at the Eurodollar Rate, the Borrower may, at its sole election, make written demand on such Designated Lender (with a copy to the Administrative Agent) for the Designated Lender to assign, and such Designated Lender shall assign pursuant to one or more duly executed Assignment and Acceptances to one or more Eligible Assignees which the Borrower or the Administrative Agent shall have identified for such purpose, all of such Designated Lender's right and obligations under this Agreement, the Notes and the other Loan Documents (including, without limitation, its Revolving Credit Commitment, all Loans owing to it, and all of its participation interests in Letters of Credit and all other Obligations owing to it) in accordance with Section 14.1. All out-of-pocket expenses incurred by the Administrative Agent in connection with the foregoing shall be for the sole account of the Borrower and shall constitute Obligations hereunder. In no event shall Borrower's election under the provisions of this Section 13.4 affect its obligation to pay the additional compensation required under either Section 13.1, Section 13.2 or Section 13.3.

13.5. MITIGATION. Each Lender shall notify the Borrower of any event occurring after the date of this Agreement entitling such Lender to compensation under Sections 13.1, 13.2 or 13.3 as promptly as practicable, but in any event, within 45 days, after such Lender obtains actual knowledge thereof; provided that (i) if any Lender fails to give such notice within 45 days after it obtains actual knowledge of such an event, such Lender shall, with respect to compensation payable pursuant to Sections 13.1, 13.2 or 13.3 in respect of any costs resulting from such event, only be entitled to payment under Sections 13.1, 13.2 or 13.3 for costs incurred from and after the date 45 days prior to the date that such Lender does give such notice and (ii) each Lender will designate a different Applicable Lending Office for the Loans of such Lender affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such Lender, be disadvantageous to such Lender.

ARTICLE XIV.
MISCELLANEOUS

14.1. ASSIGNMENTS AND PARTICIPATIONS.

(a) ASSIGNMENTS. No assignments or participations of any Lender's rights or obligations under this Agreement shall be made except in accordance with this Section 14.1. Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all of its rights and obligations with respect to the Loans and the Letters of Credit) in accordance with the provisions of this Section 14.1.

(b) LIMITATIONS ON ASSIGNMENTS. Each assignment shall be subject to the following conditions: (i) each assignment shall be of a constant, and not a varying, ratable percentage of all of the assigning Lender's rights and obligations under this Agreement and, in the case of a partial assignment to an assignee which is not a Lender or a Lender Affiliate, shall be in a minimum principal amount of \$5,000,000 (and the assignor shall maintain a minimum amount of \$5,000,000 for its own account unless the assignor shall assign or participate its entire interest), (ii) each such assignment shall be to an Eligible Assignee, (iii) (A) so long as no Event of Default has occurred and is continuing, each assignment shall be subject to the approval of the Issuing Bank and the Administrative Agent (which approval shall not be unreasonably withheld); provided that, no such consent of the Administrative Agent or the Issuing Bank shall be required for an assignment by any Lender to any of its Lender Affiliates, so long as such Lender Affiliate is an Eligible Assignee, and (B) so long as no Event of Default has occurred and is continuing, each assignment to an assignee which is not a Lender or a Lender Affiliate shall be subject to the approval of the Borrower (which approval shall not be unreasonably withheld and shall be deemed to have been given if the Borrower fails to object to such proposed assignment within five (5) Business Days of its receipt of a request for approval), and (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance. Upon such execution, delivery, acceptance and recording in the Register, from and after the effective date specified in each Assignment and Acceptance and agreed to by the Administrative Agent, (A) the assignee thereunder shall, in addition to any rights and obligations hereunder held by it immediately prior to such effective date, if any, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and shall, to the fullest extent permitted by law, have the same rights and benefits hereunder as if it were an original Lender hereunder, (B) the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except as otherwise provided in Section 14.9) and be released from its obligations under this Agreement (and, in the

case of an Assignment and Acceptance covering all or the remaining portion of such assigning Lender's rights and obligations under this Agreement, the assigning Lender shall cease to be a party hereto, except as otherwise provided in Section 14.9) and (C) the Borrower shall execute and deliver to the assignee thereunder a Note evidencing its obligations to such assignee with respect to the Loans.

(c) THE REGISTER. The Administrative Agent shall maintain at its address referred to in Section 14.8 a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "REGISTER") for the recordation of the names and addresses of the Lenders, the Revolving Credit Commitment of, and the principal amount of the Loans under the Revolving Credit Commitments owing to, each Lender from time to time and whether such Lender is an original Lender or the assignee of another Lender pursuant to an Assignment and Acceptance. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the other Lenders and each other party to a Loan Document may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) FEE. Upon its receipt of an Assignment and Acceptance executed by the assigning Lender and an Assignee and a processing and recordation fee of \$3,500 (payable by the assignee to the Administrative Agent), the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in compliance with this Agreement and in substantially the form of EXHIBIT A hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) PARTICIPATIONS. Each Lender may sell participations to one or more other financial institutions or other Persons in or to all or a portion of its rights and obligations under and in respect of any and all facilities under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment hereunder and the Committed Loans owing to it and its undivided interest in the Letters of Credit); PROVIDED, HOWEVER, that (i) such Lender's obligations under this Agreement (including, without limitation, its Revolving Credit Commitment hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iv) each participation (other than a participation to an Affiliate) shall be in a minimum amount of \$5,000,000, and (v) such participant's rights to agree or to restrict such Lender's ability to agree to the modification, waiver or release of any of the terms of the Loan Documents, to consent to any action or failure to act by any party to any of the Loan Documents or any of their respective Affiliates, or to exercise or refrain from exercising any powers or rights which any Lender may have under or in respect of the Loan Documents, shall be limited to the right to consent to any (A) increase in the Revolving Credit Commitment of the Lender from whom such participant purchased a participation, (B) reduction of the principal of, or rate or amount of interest on the Loans subject to such participation (other than by the payment or prepayment thereof), (C) postponement of any date fixed for any payment of principal of, or interest on, the Loans) subject to such participation and (D) release of any guarantor of the Obligations. Participations by a Person in a Competitive Bid Loan of any Lender shall not be deemed "participations" for purposes of this Section 14.1(e) and shall not be subject to the restrictions on "participations" contained herein.

(f) DESIGNATED BANK. Any Lender (each, a "DESIGNATING LENDER") may at any time designate one Designated Bank to fund Competitive Bid Loans on behalf of such Designating Lender subject to the terms of this Section 14.1(f) and the provisions in Section 14.1(b) and (e) shall not apply to such designation. No Lender may designate more than one (1) Designated Bank. The parties to each such designation shall execute and deliver to the Administrative Agent for its acceptance a Designation Agreement. Upon such receipt of an appropriately completed Designation Agreement executed by a Designating Lender and a designee representing that it is a Designated Bank, the Administrative Agent will accept such Designation Agreement and will give prompt notice thereof to the Borrower, whereupon, (i) the Borrower shall execute and deliver to the Designating Bank a Designated Bank Note payable to the order of the Designated Bank, (ii) from and after the effective date specified in the Designation Agreement, the Designated Bank shall become a party to this Agreement with a right to make Competitive Bid Loans on behalf of its Designating Lender pursuant to Section 2.2 after the Borrower has accepted a Competitive Bid Loan (or portion thereof) of the Designating Lender, and (iii) the Designated Bank shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Bank which is not otherwise required to repay obligations of such Designated Bank which are then due and payable; PROVIDED, HOWEVER, that regardless of such designation and assumption by the Designated Bank, the Designating Lender shall be and remain obligated to the Borrower, the Administrative Agent, the Syndication Agent, the Documentation Agents, the Co-Agents, and the other Lenders for each and every of the obligations of the Designating Lender and its related Designated Bank with respect to this Agreement, including, without limitation, any indemnification obligations under Section 12.5 hereof and any sums otherwise payable to the Borrower by the Designated Bank. Each Designating Lender shall serve as the administrative agent of the Designated Bank and shall on behalf of, and to the exclusion of, the Designated Bank: (i) receive any and all payments made for the benefit of the Designated Bank and (ii) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by the Designating Lender as administrative agent for the Designated Bank and shall not be signed by the Designated Bank on its own behalf but shall be binding on the Designated Bank to the same extent as if actually signed by the Designated Bank. The Borrower, the Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and Lenders may rely thereon without any requirement that the Designated Bank sign or acknowledge the same. No Designated Bank may assign or transfer all or any portion of its interest hereunder or under any other Loan Document, other than assignments to the Designating Lender which originally designated such Designated Bank.

(g) INFORMATION REGARDING THE BORROWER. Any Lender may, subject to the provisions of Section 14.22, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 14.1, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or its Subsidiaries furnished to such Lender by the Administrative Agent or by or on behalf of the Borrower.

(h) PAYMENT TO PARTICIPANTS. Anything in this Agreement to the contrary notwithstanding, in the case of any participation, all amounts payable by the Borrower under the Loan Documents shall be calculated and made in the manner and to the parties required hereby as if no such participation had been sold.

(i) LENDERS' CREATION OF SECURITY INTERESTS. Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, Obligations owing to it and any Note held by it) in favor of any Person.

14.2. EXPENSES.

(a) GENERALLY. The Borrower agrees promptly upon demand to pay, or reimburse the Administrative Agent for the reasonable fees, expenses and disbursements of counsel to the Administrative Agent (but not of other legal counsel) and for all other reasonable out-of-pocket costs and expenses incurred by the Administrative Agent, the Syndication Agent or the Arrangers in connection with (i) the preparation, negotiation, and execution of the Loan Documents; (ii) the preparation, negotiation, execution, syndication and interpretation of this Agreement (including, without limitation, the satisfaction or attempted satisfaction of any of the conditions set forth in Article VI), the Loan Documents, and the making of the Loans and other extensions of credit hereunder; (iii) any amendments, consents, waivers, assignments, restatements, or supplements to any of the Loan Documents and the preparation, negotiation, and execution of the same; and (iv) any other amendments, modifications, agreements, assignments, restatements or supplements to any of the Loan Documents requested by Borrower and the preparation, negotiation, and execution of the same.

(b) AFTER DEFAULT. The Borrower further agrees to pay or reimburse the Administrative Agent, the Arrangers and each of the Lenders upon demand for all reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees (including allocated costs of internal counsel and costs of settlement) incurred by the such entity after the occurrence and during the continuance of an Event of Default (i) in enforcing any Loan Document or Obligation, the collection of any Obligation or exercising or enforcing any other right or remedy available by reason of such Event of Default; or (ii) in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or in any insolvency or bankruptcy proceeding; (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding relating to the Obligations, a Project, or any of the Consolidated Businesses and related to or arising out of the transactions contemplated hereby or by any of the other Loan Documents; and (iv) in taking any other action in or with respect to any suit or proceeding (bankruptcy or otherwise) described in clauses (i) through (iii) above.

14.3. INDEMNITY. The Borrower further agrees (a) to defend, protect, indemnify, and hold harmless the Administrative Agent, the Arrangers and each and all of the Lenders and each of their respective officers, directors, employees, attorneys and agents (collectively, the "INDEMNITEES") from and against any and all liabilities, obligations, losses (other than loss of profits), damages, penalties, actions, judgments, suits, claims, reasonable costs, reasonable expenses and reasonable disbursements (excluding any taxes and including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees in any manner relating to or arising out of (i) this Agreement or the other Loan Documents, the making of the Loans and the issuance of and participation in Letters of Credit hereunder, the use or intended use of the proceeds of the Loans or Letters of Credit hereunder, or any of the other transactions contemplated by the Loan Documents, or (ii) any Liabilities and Costs relating to violation of any Environmental, Health or Safety Requirements of Law, the past, present or future

operations of the Borrower, any of its Subsidiaries or any of their respective predecessors in interest, or, the past, present or future environmental, health or safety condition of any respective Property of the Borrower or any of its Subsidiaries, the presence of asbestos-containing materials at any respective Property of the Borrower or any of its Subsidiaries, or the Release or threatened Release of any Contaminant into the environment (collectively, the "INDEMNIFIED MATTERS"); PROVIDED, HOWEVER, the Borrower shall have no obligation to an Indemnitee hereunder with respect to Indemnified Matters caused by or resulting from the willful misconduct or gross negligence of such Indemnitee, as determined by a court of competent jurisdiction in a non-appealable final judgment; and PROVIDED FURTHER that payment of the costs of preparation of the Loan Documents shall be governed by Section 14.2(a) hereof; and (b) not to assert any claim against any of the Indemnitees, on any theory of liability, for consequential or punitive damages arising out of, or in any way in connection with, the Revolving Credit Commitments, the Obligations, or the other matters governed by this Agreement and the other Loan Documents. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

14.4. CHANGE IN ACCOUNTING PRINCIPLES. If any change in the accounting principles used in the preparation of the most recent financial statements referred to in Sections 8.1 or 8.2 are hereafter required or permitted by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and are adopted by the Company or the Borrower as applicable, with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the covenants, standards or terms found in Article X, the parties hereto agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating compliance with such covenants, standards and terms by the Borrower shall be the same after such changes as if such changes had not been made; PROVIDED, HOWEVER, no change in GAAP that would affect the method of calculation of any of the covenants, standards or terms shall be given effect in such calculations until such provisions are amended, in a manner satisfactory to the Administrative Agent and the Borrower, to so reflect such change in accounting principles.

14.5. INTENTIONALLY OMITTED.

14.6. RATABLE SHARING. The Lenders agree among themselves that (i) with respect to all amounts received by them which are applicable to the payment of the Obligations (excluding the repayment of Competitive Bid Loans to a particular Competitive Bid Lender and the costs, fees and other payments described in Sections 3.1(g), 5.2(f), and 5.3, Article XIII and Section 14.1) equitable adjustment will be made so that, in effect, all such amounts will be shared among them ratably in accordance with their Pro Rata Shares, whether received by voluntary payment, by the exercise of the right of setoff or banker's lien, by counterclaim or cross-action or by the enforcement of any or all of the Obligations (excluding the repayment of Competitive Bid Loans to a particular Competitive Bid Lender and the costs, fees and other payments described in Sections 3.1(g), 5.2(f), and 5.3, Article XIII and Section 14.1), (ii) if any of them shall by voluntary payment or by the exercise of any right of counterclaim, setoff, banker's lien or otherwise, receive payment of a proportion of the aggregate amount of the Obligations held by it, which is greater than the amount which such Lender is entitled to receive hereunder, the Lender receiving such excess payment shall purchase, without recourse or warranty, an undivided interest

and participation (which it shall be deemed to have done simultaneously upon the receipt of such payment) in such Obligations owed to the others so that all such recoveries with respect to such obligations shall be applied ratably in accordance with their Pro Rata Shares; PROVIDED, HOWEVER, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such party to the extent necessary to adjust for such recovery, but without interest except to the extent the purchasing party is required to pay interest in connection with such recovery. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 14.6 may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

14.7. AMENDMENTS AND WAIVERS.

(a) GENERAL PROVISIONS. Unless otherwise provided for or required in this Agreement, no amendment or modification of any provision of this Agreement or any of the other Loan Documents shall be effective without the written agreement of the Requisite Lenders (which the Requisite Lenders shall have the right to grant or withhold in their sole discretion) and the Borrower; PROVIDED, HOWEVER, that the Borrower's agreement shall not be required for any amendment or modification of Sections 12.1 through 12.8 (other than Section 12.7). In the event that the Administrative Agent shall request the agreement of the Lenders to any amendment, modification or waiver, if any Lender shall fail to respond to any such request within fifteen (15) days after receipt of such request, such Lender's approval thereto shall be deemed to have been given; PROVIDED, HOWEVER, that such request shall state, in capital letters that "FAILURE TO RESPOND TO THIS REQUEST WITHIN FIFTEEN (15) DAYS AFTER RECEIPT, SHALL BE DEEMED CONSENT TO THE ENCLOSED REQUEST". No termination or waiver of any provision of this Agreement or any of the other Loan Documents, or consent to any departure by the Borrower therefrom, shall be effective without the written or deemed concurrence of the Requisite Lenders, which the Requisite Lenders shall have the right to grant or withhold in their sole discretion. All amendments, waivers and consents not specifically reserved to the Administrative Agent, the Arrangers or the Lenders in Section 14.7(b), 14.7(c), and in other provisions of this Agreement shall require only the approval of the Requisite Lenders. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances. Notwithstanding the foregoing, no amendment, waiver or consent shall, unless in writing and signed by the Designating Lender on behalf of its Designated Bank affected thereby, (a) subject such Designated Bank to any additional obligations, (b) reduce the principal of, interest on, or other amounts due with respect to, the Designated Bank Note made payable to such Designated Bank, or (c) postpone any date fixed for any payment of principal of, or interest on, or other amounts due with respect to the Designated Bank Note made payable to the Designated Bank.

(b) AMENDMENTS, CONSENTS AND WAIVERS BY AFFECTED LENDERS. Any amendment, modification, termination, waiver or consent with respect to any of the following provisions of this Agreement shall be effective only by a written agreement, signed by each Lender affected thereby as described below:

(i) waiver of any of the conditions specified in Sections 6.1 and 6.2 (except with respect to a condition based upon another provision of this Agreement, the waiver of which requires only the concurrence of the Requisite Lenders),

(ii) change the amount of such Lender's Revolving Credit Commitment (other than pursuant to an assignment permitted under Section 14.1 or a reduction of the Revolving Credit Commitments by the Borrower under Section 4.1(b)),

(iii) reduction of the principal of, or the rate or amount of interest on, the Loans or the Reimbursement Obligations, or any fees or other amounts payable to such Lender (other than by the payment or prepayment thereof), and

(iv) postponement or extension of any date (other than the Revolving Credit Termination Date postponement or extension of which is governed by Section 14.7(c)(i)) fixed for any payment of principal of, or interest on, the Loans or the Reimbursement Obligations or any fees or other amounts payable to such Lender (except with respect to any modifications of the application provisions relating to prepayments of Loans and other Obligations which are governed by Section 4.2(b)).

(c) AMENDMENTS, CONSENTS AND WAIVERS BY ALL LENDERS. Any amendment, modification, termination, waiver or consent with respect to any of the following provisions of this Agreement shall be effective only by a written agreement, signed by each Lender:

(i) postponement of the Revolving Credit Termination Date (except for the one-year extension thereof as provided in the second sentence of the definition thereof), or increase in the Maximum Revolving Credit Amount to any amount in excess of \$500,000,000, except for the increases thereof to an amount not to exceed \$750,000,000 as provided in Section 2.1(b);

(ii) change in the definition of Requisite Lenders or in the aggregate Pro Rata Share of the Lenders which shall be required for the Lenders or any of them to take action hereunder or under the other Loan Documents,

(iii) amendment of Section 14.6 or this Section 14.7,

(iv) assignment of any right or interest in or under this Agreement or any of the other Loan Documents by the Borrower,

(v) waiver of any Event of Default under Section 11.1(a), Section 11.1(f) or Section 11.1(g), and

(vi) amendment or release of the Guaranties, except in connection with the permitted sale of an Unencumbered Project or Unencumbered New York City Asset by a Guarantor.

(d) ADMINISTRATIVE AGENT AUTHORITY. Subject to the second succeeding sentence of this subsection (d), the Administrative Agent may, but shall have no obligation to, with the written concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of that Lender. Notwithstanding anything to the contrary contained in this Section 14.7, no amendment, modification, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement and the other Loan Documents, unless made in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action. Notwithstanding anything herein to the contrary, in the event that the Borrower shall

have requested, in writing, that any Lender agree to an amendment, modification, waiver or consent with respect to any particular provision or provisions of this Agreement or the other Loan Documents, and such Lender shall have failed to state, in writing, that it either agrees or disagrees (in full or in part) with all such requests (in the case of its statement of agreement, subject to satisfactory documentation and such other conditions it may specify) within fifteen (15) days after such request, then such Lender hereby irrevocably authorizes the Administrative Agent to agree or disagree, in full or in part, and in the Administrative Agent's sole discretion, to such requests on behalf of such Lender as such Lender's attorney-in-fact and to execute and deliver any writing approved by the Administrative Agent which evidences such agreement as such Lender's duly authorized agent for such purposes; PROVIDED, HOWEVER, that such request shall state, in capital letters that "FAILURE TO RESPOND TO THIS REQUEST WITHIN FIFTEEN (15) DAYS AFTER RECEIPT, SHALL BE DEEMED AUTHORIZATION TO THE ADMINISTRATIVE AGENT WITH RESPECT TO THE ENCLOSED REQUEST".

14.8. NOTICES. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, sent by facsimile transmission or by courier service or United States certified mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a facsimile transmission, or four (4) Business Days after deposit in the United States mail with postage prepaid and properly addressed. Notices to the Administrative Agent pursuant to Articles II, IV or XII shall not be effective until received by the Administrative Agent. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 14.8) shall be (i) for the Borrower, as set forth on its signature page to this Agreement, and (ii) for the Lenders, as set forth on SCHEDULE LC hereto or on the applicable Assignment and Acceptance by which such party became a Lender hereunder, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties to this Agreement.

14.9. SURVIVAL OF WARRANTIES AND AGREEMENTS. All representations and warranties made herein and all obligations of the Borrower in respect of taxes, indemnification and expense reimbursement shall survive the execution and delivery of this Agreement and the other Loan Documents, the making and repayment of the Loans, the issuance and discharge of Letters of Credit hereunder and, in the case of any Lender that may assign any interest in its Revolving Credit Commitment, Loans or participation interests in Letters of Credit hereunder, shall survive the making of such assignment, notwithstanding that such assigning Lender may cease to be a "Lender" hereunder, and, except for the representations and warranties, the termination of this Agreement other than any of the foregoing set forth in Section 13.1 or Section 13.2 or Section 13.3 or Section 5.2(f), which shall survive for thirty (30) days after termination of this Agreement.

14.10. FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE. No failure or delay on the part of the Administrative Agent or any Lender in the exercise of any power, right or privilege under any of the Loan Documents shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under the Loan Documents are cumulative to and not exclusive of any rights or remedies otherwise available.

14.11. PAYMENTS SET ASIDE. To the extent that the Borrower makes a payment or payments to the Administrative Agent, any Arranger or any Lender or any such Person exercises

its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all right and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

14.12. SEVERABILITY. In case any provision in or obligation under this Agreement 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.

14.13. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement or be given any substantive effect.

14.14. GOVERNING LAW. THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES.

14.15. LIMITATION OF LIABILITY. No claim may be made by any Lender, any Arranger, the Administrative Agent, or any other Person against any Lender (acting in any capacity hereunder) or the Affiliates, directors, officers, employees, attorneys or agents of any of them for any consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Lender, the Arrangers and the Administrative Agent hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

14.16. SUCCESSORS AND ASSIGNS. This Agreement and the other Loan Documents shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of the Lenders. Except as otherwise provided in Section 10.6, the rights and obligations hereunder of the Borrower, or any interest therein, may not be assigned without the written consent of all Lenders (and any such attempted assignment without such consent shall be null and void).

14.17. CERTAIN CONSENTS AND WAIVERS OF THE BORROWER.

(a) Personal Jurisdiction. (i) EACH OF THE AGENTS, THE LENDERS, AND THE BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT SITTING IN NEW YORK, NEW YORK, AND ANY COURT HAVING JURISDICTION OVER APPEALS OF MATTERS HEARD IN SUCH COURTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO

IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE AGENTS, THE LENDERS AND THE BORROWER AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH OF THE AGENTS, THE LENDERS, AND THE BORROWER WAIVES IN ALL DISPUTES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(ii) THE BORROWER AGREES THAT THE ADMINISTRATIVE AGENT SHALL HAVE THE RIGHT TO PROCEED AGAINST THE BORROWER OR ITS PROPERTY IN A COURT IN ANY LOCATION NECESSARY OR APPROPRIATE TO ENABLE THE ADMINISTRATIVE AGENT AND THE LENDERS TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE ADMINISTRATIVE AGENT OR ANY LENDER. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE ADMINISTRATIVE AGENT OR ANY LENDER MAY COMMENCE A PROCEEDING DESCRIBED IN THIS SECTION.

(b) SERVICE OF PROCESS. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS 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 THE BORROWER'S PROCESS AGENT OR THE BORROWER'S NOTICE ADDRESS SPECIFIED IN SECTION 14.8 HEREOF, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. THE BORROWER IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF 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 WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR THE LENDERS TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(c) WAIVER OF JURY TRIAL. EACH OF THE AGENTS AND THE LENDERS AND THE BORROWER IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

14.18. COUNTERPARTS; EFFECTIVENESS; INCONSISTENCIES. This Agreement and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall become effective against the Borrower and each Agent and Lender on the Closing Date. This Agreement and each of the other Loan Documents shall be construed to the extent reasonable to be consistent one with the other, but to the extent that the terms and conditions of this Agreement are actually

inconsistent with the terms and conditions of any other Loan Document, this Agreement shall govern.

14.19. LIMITATION ON AGREEMENTS. All agreements between the Borrower, the Administrative Agent, the Arrangers and each Lender in the Loan Documents are hereby expressly limited so that in no event shall any of the Loans or other amounts payable by the Borrower under any of the Loan Documents be directly or indirectly secured (within the meaning of Regulation U) by Margin Stock.

14.20. DISCLAIMERS. The Administrative Agent, the Arrangers and the Lenders shall not be liable to any contractor, subcontractor, supplier, laborer, architect, engineer, tenant or other party for services performed or materials supplied in connection with any work performed on the Projects, including any TI Work. The Administrative Agent, the Arrangers and the Lenders shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against any of the Projects. The Borrower is not and shall not be an agent of any Agent, the Arrangers or the Lenders for any purposes and none of the Lenders, the Arrangers, or the Agents shall be deemed partners or joint venturers with Borrower. None of the Administrative Agent, the Arrangers or the Lenders shall be deemed to be in privity of contract with any contractor or provider of services to any Project, nor shall any payment of funds directly to a contractor or subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by any of the Administrative Agent, the Arrangers or the Lenders and the Borrower agrees to hold the Administrative Agent, the Arrangers and the Lenders harmless from any of the damages and expenses resulting from such a construction of the relationship of the parties or any assertion thereof.

14.21. ENTIRE AGREEMENT. This Agreement, taken together with all of the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior agreements and understandings, written and oral, relating to the subject matter hereof.

14.22. CONFIDENTIALITY. Each of the Agents, the Arrangers and the Lenders agrees to keep confidential all non-public information provided to it by the Borrower pursuant to this Agreement that is designated by the Borrower as confidential; PROVIDED that nothing herein shall prevent the Agents or the Lenders from disclosing any such information (a) to the Agents, any other Lender or any Lender Affiliate (PROVIDED such Lender Affiliate is made aware of the confidentiality of such information and agrees to keep such information confidential), (b) to any Assignee, Participant or prospective Assignee or Participant or any actual or prospective counterparty (or its advisors) to any swap or derivative transactions relating to the Borrower and its Obligations (PROVIDED such Person is made aware of the confidentiality of such information and agrees to keep such information confidential), (c) to the employees, directors, agents, attorneys, accountants and other professional advisors of any Lender, Assignee, Participant, prospective Assignee or Participant who are advised of the provisions of this Section, (d) upon the request or demand of any Governmental Authority having or asserting jurisdiction over either Agent or any Lender, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with the exercise of any remedy hereunder or under any other Loan Document, (g) upon the advice of counsel that such disclosure is required by law, (h) with the consent of the Borrower, (i) in connection with any litigation to which any Agent, Arranger or Lender is a party, or (j) to the extent such information becomes publicly available other than as a

result of a breach of this Section 14.22 or becomes available to any Agent, Arranger or Lender on a nonconfidential basis from a source other than the Borrower.

14.23. NO BANKRUPTCY PROCEEDINGS. Each of the Borrower the Administrative Agent, the Documentation Agents, the Co-Agents, the Syndication Agent and the Lenders hereby agrees that it will not institute against any Designated Bank or join any other Person in instituting against any Designated Bank any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law, until the later to occur of (i) one year and one day after the payment in full of the latest maturing commercial paper note issued by such Designated Bank and (ii) the Revolving Credit Termination Date.

14.24. USA PATRIOT ACT. Each of the Lenders hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub.L.107-56 (signed into law October 26, 2001)) (the "ACT"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Bank to identify Borrower in accordance with the Act. Neither the execution and delivery of the Notes and the other Loan Documents by the Borrower nor the use of the proceeds of the Loans, will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or the Anti-Terrorism Order or any enabling legislation or executive order relating to any of the same. Without limiting the generality of the foregoing, none of the Borrower, the Company, nor any of their respective Subsidiaries (a) is or will become a blocked person described in Section 1 of the Anti-Terrorism Order or (b) engages or will engage in any dealings or transactions or be otherwise associated with any such blocked person in any manner which violates applicable law or regulation.

14.25. TRANSITIONAL ARRANGEMENTS.

(a) 2002 CREDIT AGREEMENT SUPERSEDED. This Agreement shall supersede the 2002 Credit Agreement in its entirety, except as provided in this Section 14.25. On the Closing Date, the rights and obligations of the parties under the 2002 Credit Agreement and the "Notes" defined therein shall be subsumed within and be governed by this Agreement and the Notes; PROVIDED HOWEVER, that any of the "Revolving Credit Obligations" (as defined in the 2002 Credit Agreement) outstanding under the 2002 Credit Agreement shall, for purposes of this Agreement, be Revolving Credit Obligations hereunder. The Lenders' interests in such Revolving Credit Obligations, and participations in such Letters of Credit shall be reallocated on the Closing Date in accordance with each Lender's applicable Pro Rata Share.

(b) RETURN AND CANCELLATION OF NOTES. Upon its receipt of the Revolving Credit Notes to be delivered hereunder on the Closing Date, each Lender will promptly return to the Borrower, marked "Cancelled" or "Replaced", the notes of the Borrower held by such Lender pursuant to the 2002 Credit Agreement.

(c) INTEREST AND FEES UNDER ORIGINAL AGREEMENT. All interest and all commitment, facility and other fees and expenses owing or accruing under or in respect of the 2002 Credit Agreement shall be calculated as of the Closing Date (prorated in the case of any fractional periods), and shall be paid on the Closing Date in accordance with the method specified in the 2002 Credit Agreement as if such agreement were still in effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK--SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF the undersigned have duly executed this Agreement as a sealed instrument as of the date first set forth above.

BORROWER:

RECKSON OPERATING PARTNERSHIP, L.P.

By: Reckson Associates Realty Corp.

By: /s/ Michael Maturo

Name: Michael Maturo

Title: Executive Vice President and CFO

Address for Notices:

225 Broadhollow Road
Melville, New York 11747

Attention: Michael Maturo

Telephone: 631-622-6630

Telecopy: 631-622-8994

Taxpayer Identification Number: 11-3233647

LENDERS:

[SIGNATURE PAGES OF LENDERS]

EXHIBIT 31.1

CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER AND PRESIDENT OF RECKSON ASSOCIATES REALTY CORP., THE SOLE GENERAL PARTNER OF THE REGISTRANT,

PURSUANT TO RULE 13a - 14(a)/15(d) - 14(a)

I, Scott H. Rechler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson Operating Partnership, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 9, 2004

/s/ Scott H. Rechler

Scott H. Rechler
Chief Executive Officer and President
of Reckson Associates Realty Corp.,
the sole general partner of the
Registrant

EXHIBIT 31.2

CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT,
TREASURER AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF THE REGISTRANT,

PURSUANT TO RULE 13a - 14(a)/15(d) - 14(a)

I, Michael Maturo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson Operating Partnership, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 9, 2004

/s/ Michael Maturo

Michael Maturo
Executive Vice President, Treasurer
and Chief Financial Officer of
Reckson Associates Realty Corp., the
sole general partner of the Registrant

RECKSON OPERATING PARTNERSHIP, L.P.

EXHIBIT 32.1

CERTIFICATION OF SCOTT H. RECHLER, CHIEF EXECUTIVE OFFICER AND PRESIDENT OF RECKSON ASSOCIATES REALTY CORP., THE SOLE GENERAL PARTNER OF THE REGISTRANT, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Scott H. Rechler, Chief Executive Officer and President of Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2004

By /s/ Scott H. Rechler

Scott H. Rechler, Chief Executive Officer and
President of Reckson Associates Realty Corp.,
the sole general partner of the Registrant

A signed original of this written statement required by Section 906 has been provided to Reckson Operating Partnership, L.P. and will be furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF MICHAEL MATURO, EXECUTIVE VICE PRESIDENT, TREASURER
AND CHIEF FINANCIAL OFFICER OF RECKSON ASSOCIATES REALTY CORP.,
THE SOLE GENERAL PARTNER OF THE REGISTRANT, PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Michael Maturo, Executive Vice President, Treasurer and Chief Financial Officer of Reckson Associates Realty Corp., the sole general partner of Reckson Operating Partnership, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2004

By /s/ Michael Maturo

Michael Maturo, Executive Vice President,
Treasurer and Chief Financial Officer of
Reckson Associates Realty Corp.,
the sole general partner of the Registrant

A signed original of this written statement required by Section 906 has been provided to Reckson Operating Partnership, L.P. and will be furnished to the Securities and Exchange Commission or its staff upon request.