

EXHIBIT INDEX ON PAGE 57
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-6064

ALEXANDER'S, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

51-0100517

(IRS Employer
Identification No.)

210 ROUTE 4 EAST, PARAMUS, NEW JERSEY

(Address of principal executive offices)

07652

(Zip Code)

Registrant's telephone number, including area code (201) 587-8541

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$1 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the registrant, (i.e., by persons other than officers and directors of Alexander's, Inc.) as of June 30, 2003 was \$164,535,000.

As of February 20, 2004, there were 5,000,850 shares of the registrant's common stock, par value \$1 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

PART III: Portions of the Proxy Statement for Annual Meeting of Stockholders to be held on May 27, 2004

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(1) These items are omitted in part or in whole because the registrant will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 involving the election of directors with the Securities and Exchange Commission not later than 120 days after December 31, 2003, which is incorporated by reference herein. See "Executive Officers of the Registrant" for information relating to executive officers.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. The Company's future results, financial condition, results of operations and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "intends," "plans" or other similar expressions in this Annual Report on Form 10-K. These forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. Factors that might cause such a material difference include, but are not limited to: (a) national, regional and local economic conditions; (b) the consequences of any armed conflict involving, or terrorist attack against, the United States; (c) our ability to secure adequate insurance; (d) local conditions, such as an oversupply of space or a reduction in demand for real estate in the area; (e) competition from other available space; (f) whether tenants consider a property attractive; (g) the financial condition of our tenants, including the extent of tenant bankruptcies or defaults; (h) whether we are able to pass some or all of any increased operating costs we incur through to our tenants; (i) how well we manage our properties; (j) any increase in interest rates; (k) any decreases in market rental rates; (l) the timing and costs associated with property development, improvements and rentals; (m) changes in taxation or zoning laws; (n) government regulations; (o) our failure to continue to qualify as a real estate investment trust; (p) availability of financing on acceptable terms or at all; (q) potential liability under environmental or other laws or regulations; (r) general competitive factors; (s) dependence upon Vornado Realty Trust; and (t) possible conflicts of interest with Vornado Realty Trust.

For these forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K or the date of the applicable document incorporated by reference. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

GENERAL

Alexander's, Inc. (the "Company" or "Alexander's") is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping properties. Alexander's activities are conducted through its manager, Vornado Realty Trust ("Vornado").

Alexander's has six properties in the greater New York City metropolitan area consisting of:

Operating properties

(i) the Kings Plaza Regional Shopping Center, located on Flatbush Avenue in Brooklyn, New York, which contains 1,098,000 square feet and is comprised of a two-level mall containing 470,000 square feet, a 289,000 square foot department store leased to Sears and another anchor department store owned and operated as a Macy's by Federated Department Stores, Inc.;

(ii) the Rego Park I property, located on Queens Boulevard and 63rd Road in Queens, New York, which contains a 351,000 square foot building that is 100% leased to Sears, Circuit City, Bed Bath & Beyond, Marshalls and Old Navy;

(iii) the Paramus property, which consists of 30.3 acres of land located at the intersection of Routes 4 and 17 in Paramus, New Jersey, which is leased to IKEA Property, Inc; and

(iv) the Flushing property, located at Roosevelt Avenue and Main Street in Flushing, New York, which contains a 177,000 square foot building that is currently vacant;

Property under development

(v) the Lexington Avenue development property, which comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan, New York; and

Property to be developed

(vi) the Rego Park II property, which comprises one and one-half square blocks of vacant land adjacent to the Rego Park I property.

Lexington Avenue

The development at Lexington Avenue consists of an approximately 1.3 million square foot multi-use building. The building will contain approximately 885,000 net rentable square feet of office space, approximately 171,000 net rentable square feet of retail space and approximately 248,000 net saleable square feet of residential space consisting of condominium units (through a taxable REIT subsidiary ("TRS")). Of the construction budget of \$630,000,000 (which excludes \$29,000,000 for development and guarantee fees to Vornado), \$402,000,000 has been expended through December 31, 2003 and an additional \$62,200,000 has been committed to at December 31, 2003. Construction is expected to be completed in 2005.

On May 1, 2001, the Company entered into a triple-net lease with Bloomberg L.P. for approximately 695,000 square feet of office space at the Lexington Avenue property (the "Bloomberg Space"). The initial term of the lease is 25 years with a ten-year renewal option. Base annual net rent is \$34,529,000 in each of the first four years and \$38,533,000 in the fifth year with a similar percentage increase each four years thereafter. On November 15, 2003, the Company delivered approximately 87% of the space. As of February 9, 2004, all of the Bloomberg Space has been delivered. Payment of base rent commences nine months from delivery of each parcel of space; rent recognition commenced from delivery of space.

At December 31, 2003, 115,000 square feet of retail space has been leased, of which The Home Depot and Hennes & Mauritz have leased 83,000 and 27,000 square feet, respectively. The Company expects to deliver the leased space in 2004. Payment of base rent commences six to nine months from delivery of each space; rent recognition commences on delivery of space.

The residential space is comprised of 105 condominium units. The original offering plan filed for these units, as amended for price increases through December 31, 2003, would produce (inclusive of the value of existing contracts) an aggregate sale price of \$457,000,000. As of December 31, 2003, the Company has received deposits of \$10,425,000 on sales of the condominium units.

Financing of the Project

On February 13, 2004, the Company completed a \$400,000,000 mortgage financing on the office space. The loan was placed by German American Capital Corporation, an affiliate of Deutsche Bank. The loan bears interest at 5.33%, matures in February 2014 and beginning in the third year, provides for principal payments based on a 25-year amortization schedule such that over the remaining eight years of the loan, ten years of amortization will be paid. \$253,529,000 of the loan proceeds was used to repay the entire amount outstanding under the previously existing construction loan (the "Construction Loan") with Hypo Real Estate Capital Corporation.

The Construction Loan was modified so that the remaining availability is \$237,000,000, which is approximately the amount estimated to complete the Lexington Avenue development project (not including \$29,000,000 for development and guarantee fees to Vornado). The interest rate of the Construction Loan of LIBOR plus 2.5% (3.64% at December 31, 2003) and the maturity date of January 2006, with two one-year extensions, were not changed. The collateral for the Construction Loan is the same except that the office space has been removed from the lien. Further, the Construction Loan permits the release of the retail space for a payment of \$15 million and requires all proceeds from the sale of the residential condominium units to be applied to the Construction Loan balance until it is finally repaid. Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the Lexington Avenue project and funding of project costs in excess of a stated loan budget, if not funded by the Company (the "Completion Guarantee"). If Vornado should advance any funds under the Completion Guarantee in excess of \$21,000,000, which is the amount currently available under the line of credit with Vornado, interest on those advances would be at 15% per annum.

There can be no assurance that the Lexington Avenue project will be completed on time or completed for the budgeted amount. Any failure to complete the Lexington Avenue project on time or within budget may adversely affect future cash flows and funds from operations, and the Company's financial condition.

Significant Tenants

Sears accounted for 18%, 19% and 21% of the Company's consolidated revenues for the years ended December 31, 2003, 2002 and 2001, respectively. No other tenant accounted for more than 10% of revenues. Rents from the Bloomberg L.P. lease will represent a significant portion of revenues in 2004.

Liquidity

In the aggregate, Alexander's operating properties do not generate sufficient cash flow to pay all of its expenses. After the completion of the Lexington Avenue property, which is expected in 2005, the Company expects that cash flow will become positive. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a further discussion.

Relationship with Vornado Realty Trust

Vornado owned 33.1% of the Company's common stock as of December 31, 2003. Steven Roth is the Chief Executive Officer and a director of the Company, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board and Chief Executive Officer of Vornado. At December 31, 2003, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado), owned, in the aggregate, 27.5% of the outstanding common stock of the Company, in addition to the common stock owned directly by Vornado, and 11.7% of the outstanding common shares of beneficial interest of Vornado.

The Company is managed, and its properties are leased, by Vornado pursuant to management, leasing and development agreements. Vornado is a fully-integrated REIT with significant experience owning, developing, leasing, operating and managing retail and office properties. Further, in conjunction with the Company's Lexington Avenue development project, Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the project and funding of project costs in excess of a stated loan budget, if not funded by the Company. These agreements are more fully described in "Item

7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Relationship with Vornado Realty Trust."

At December 31, 2003, the Company was indebted to Vornado in the amount of \$124,000,000, comprised of (i) a \$95,000,000 note and (ii) \$29,000,000 under a \$50,000,000 line of credit (which carries a 1% unused commitment fee). The current interest rate on the loan and line of credit is 12.48% and resets quarterly using a 9.48% spread to a one-year treasury with a 3% floor for treasuries. On July 3, 2002, in conjunction with the closing of the Construction Loan, the maturity of the Vornado debt was extended to the earlier of January 3, 2006 or the date the Construction Loan is finally repaid. The Construction Loan matures on January 3, 2006 subject to two one-year extensions. In addition, any amounts which may be due under the Completion Guarantee are due at the same time.

ENVIRONMENTAL MATTERS

In June 1997, the Kings Plaza Regional Shopping Center commissioned an Environmental Study and Contamination Assessment Site Investigation (the "Phase II Study") to evaluate and delineate environmental conditions disclosed in a Phase I study. The results of the Phase II Study indicated the presence of petroleum and bis (2-ethylhexyl) phthalate contamination in the soil and groundwater. The Company has delineated the contamination and has developed a remediation approach, which is ongoing. The New York State Department of Environmental Conservation ("NYDEC") has approved a portion of the remediation approach. The Company accrued \$2,675,000 in previous years, of which \$2,436,000 has been paid as of December 31, 2003, for its estimated obligation with respect to the cleanup of the site, and which includes costs of (i) remedial investigation, (ii) feasibility studies, (iii) remedial design, (iv) remedial action and (v) professional fees. If NYDEC insists on a more extensive remediation approach, the Company could incur additional obligations.

The Company has concluded that the large majority of the contamination at the site is historic and the result of past activities of third parties. Although the Company is pursuing claims against potentially responsible third parties, and negotiations are ongoing with a former owner of the property, there can be no assurance as to the extent that the Company will be successful in obtaining recovery from such parties of the remediation costs incurred. In addition, the costs associated with further pursuit of responsible parties may be cost prohibitive. The Company has not recorded an asset as of December 31, 2003 for possible recoveries of environmental remediation costs from potentially responsible third parties.

COMPETITION

The Company conducts its real estate operations in the greater New York metropolitan area, a highly competitive market. The Company's success depends upon, among other factors, trends of national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and legislation, population trends, zoning laws, and the ability of the Company to lease, sublease or sell its properties, including the condominium units at the Lexington Avenue project, at profitable levels. The Company competes with a large number of real estate property owners and developers. In addition, although the Company believes that it will realize significant value from its properties over time, the Company anticipates that it may take a number of years before all of its properties generate cash flow at or near anticipated levels. The Company's success is also subject to its ability to finance development projects and refinance existing debts as they come due and on acceptable terms.

EMPLOYEES

The Company currently has one corporate level employee and 34 property level employees.

AVAILABLE INFORMATION

Copies of the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports, as well as filings on Forms 3, 4 and 5 regarding officers, directors, and 10% beneficial owners of the Company, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934, are available free of charge through the Company's website (www.alx-inc.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). The Company also has made available, on the website, copies of the Company's (i) Audit Committee charter, (ii) Compensation Committee charter, (iii) code of business conduct and ethics and (iv) corporate governance guidelines. In the event of any changes to these items, changed copies will be made available on the website.

Vornado and Interstate filed, on April 11, 2000, the 26th amendment to, a Form 13D with the SEC indicating that they, as a group own in excess of 51% of the common stock of the Company. This ownership level makes the

Company a "controlled" company for the purposes of the New York Stock Exchange, Inc.'s corporate governance Standards (the "NYSE Rules"). In turn, this means that the Company is not required by the NYSE Rules, among other things, to have a majority of the members of its Board of Directors be independent under the NYSE Rules, to have all of its members of its Compensation Committee be independent under the NYSE Rules or to have a Nominating Committee. While the Company has voluntarily complied with the majority independence requirements, it is under no obligation to do so and this situation may change at anytime.

The Company is a Delaware corporation. Its principal executive office is 210 Route 4 East, Paramus, New Jersey 07652 and its telephone number is (201) 587-8541.

RISK FACTORS

Set forth below are the risks and certain factors that may adversely affect the Company's business and operations. This section contains forward-looking statements. Refer to the qualifications and limitations on forward-looking statements on page 3.

REAL ESTATE INVESTMENTS' VALUE AND INCOME FLUCTUATE DUE TO VARIOUS FACTORS.

THE VALUE OF REAL ESTATE FLUCTUATES DEPENDING ON CONDITIONS IN THE GENERAL ECONOMY AND THE REAL ESTATE INDUSTRY. THESE CONDITIONS MAY ALSO LIMIT THE COMPANY'S REVENUES AND AVAILABLE CASH.

The factors that affect the value of the Company's real estate include:

- national, regional and local economic conditions,
- the consequences of any armed conflict involving, or terrorist attack against, the United States,
- the Company's ability to secure adequate insurance,
- local conditions, such as an oversupply of space or a reduction in demand for real estate in the area,
- competition from other available space,
- whether tenants consider a property attractive,
- the financial condition of the Company's tenants, including the extent of tenant bankruptcies or defaults,
- whether the Company is able to pass some or all of any increased operating costs it incurs through to tenants,
- how well the Company manages its properties,
- any increase in interest rates,
- any increase in real estate taxes and other expenses,
- any decreases in market rental rates,
- the timing and costs associated with property development, improvements and rentals,
- changes in taxation or zoning laws,
- government regulations,
- the Company's failure to continue to qualify as a REIT,
- availability of financing on acceptable terms or at all,
- potential liability under environmental or other laws or regulations, and
- general competitive factors.

The rents the Company receives and the occupancy levels at its properties may decline as a result of adverse changes in any of these factors. Some of the Company's major expenses and payments, including mortgage payments, real estate taxes and maintenance costs, generally do not decline when the related rents decline. If rents decline while costs remain constant, the Company's income and funds available for the payment of its indebtedness and for distribution to its security holders will decline.

THE COMPANY DEPENDS ON LEASING SPACE TO TENANTS ON ECONOMICALLY FAVORABLE TERMS AND COLLECTING RENT FROM ITS TENANTS, SOME OF WHICH MAY NOT BE ABLE TO PAY.

The Company's financial results depend on leasing space in its properties to tenants on economically favorable terms. In addition, because substantially all of its income comes from rentals of real property, the Company's income and funds available for the payment of its indebtedness and for distribution to security holders will decrease if a significant number of tenants cannot pay their rents. If a tenant does not pay its rent, the Company might not be able to enforce its rights as landlord without delays and might incur substantial legal costs. For information regarding risks associated with bankruptcy of our tenants, see " -- Bankruptcy of tenants may decrease the Company's revenues and available cash." below.

SOME OF THE COMPANY'S TENANTS REPRESENT A SIGNIFICANT PORTION OF ITS REVENUES. LOSS OF THESE TENANT RELATIONSHIPS OR DETERIORATION IN THE TENANTS' CREDIT QUALITY COULD ADVERSELY AFFECT RESULTS.

Sears accounted for 18%, 19% and 21% of the Company's consolidated revenues for the years ended December 31, 2003, 2002 and 2001, respectively. In addition, at the Lexington Avenue property, Bloomberg L.P. has entered into a long-term lease for 695,000 of the 885,000 net rentable square feet of office space at that site. It is expected that the rents from the Bloomberg L.P. lease will also represent a significant portion of revenues in 2004. If the Company fails to maintain a relationship with any of its significant tenants or fails to perform its obligations under agreements with these tenants, or if any of these tenants fails or becomes unable to perform its obligations under the agreements, the Company expects that any one or more of these events would adversely affect the Company's results of operations and financial condition.

BANKRUPTCY OF TENANTS MAY DECREASE THE COMPANY'S REVENUES AND AVAILABLE CASH.

A number of companies, including some of the Company's tenants, have declared bankruptcy in recent years, and other tenants may declare bankruptcy or become insolvent in the future. If a major tenant declares bankruptcy or becomes insolvent, the property at which it leases space may have lower revenues and operational difficulties, and, in the case of its shopping centers, the Company may have difficulty leasing the remainder of the affected property. The Company's leases generally do not contain restrictions designed to ensure the creditworthiness of tenants. As a result, the bankruptcy or insolvency of a major tenant could result in a lower level of funds available for the payment of its indebtedness and for distribution to security holders.

SOME OF THE COMPANY'S POTENTIAL LOSSES MAY NOT BE COVERED BY INSURANCE.

The Company carries comprehensive liability and all-risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets but is at risk for financial loss in excess of the policies' limits. Such a loss could be material.

The Company's all-risk insurance policies in effect before September 11, 2001 did not expressly exclude coverage for hostile acts, except acts of war. Since September 11, 2001, but prior to the enactment of the Terrorism Risk Insurance Act of 2002, insurance companies had, for the most part, excluded terrorist acts from coverage in all-risk policies. The Company was generally unable to obtain all-risk insurance that includes coverage for terrorist acts for policies renewed during that period.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments, allowing the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it may adversely affect the Company's ability to finance and/or refinance its properties and businesses, including the construction of the Lexington Avenue development property.

On November 26, 2002, the Terrorism Risk Insurance Act of 2002 was signed into law. Under this new legislation, through 2004 (with a possible extension through 2005), regulated insurers must offer coverage in their commercial property and casualty policies (including existing policies) for losses resulting from defined "acts of

terrorism." As a result of the legislation, in June 2003, the Company obtained \$500,000,000 of coverage per occurrence for certified terrorist acts, as defined in the legislation, and \$150,000,000 per occurrence for non-certified acts. In addition, on February 13, 2004, the Company increased the builders' risk insurance coverage for its Lexington Avenue project, which includes full coverage for certified terrorist acts, per occurrence, and \$200,000,000 for non-certified acts, per occurrence. Therefore, the Company is at risk for financial loss in excess of these limits for terrorist acts, as defined by the policies and the legislation. Such loss could be material. Prior to June 2003, the Company had \$200,000,000 of separate aggregate coverage for terrorist acts.

THE COMPANY HAS MADE A SIGNIFICANT INVESTMENT IN THE DEVELOPMENT OF ITS LEXINGTON AVENUE PROPERTY. THE FAILURE TO COMPLETE CONSTRUCTION ON TIME AND WITHIN BUDGET WOULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The development at Lexington Avenue consists of an approximately 1.3 million square foot multi-use building. The building will contain approximately 885,000 net rentable square feet of office space, approximately 171,000 net rentable square feet of retail space, and approximately 248,000 net saleable square feet of residential space consisting of condominium units (through a TRS). There can be no assurance that the Lexington Avenue project will be completed on time or completed for the budgeted amount. Any failure to complete the Lexington Avenue project on time or within budget may adversely affect future cash flows and funds from operations, and the Company's financial condition.

THE COMPANY MAY ACQUIRE OR DEVELOP NEW PROPERTIES, AND THIS MAY CREATE RISKS.

In addition to the Lexington Avenue project, the Company may acquire or develop other properties or acquire other real estate companies when it believes that an acquisition or development is consistent with its business strategies. It may not, however, succeed in consummating desired acquisitions or in completing developments, including the Lexington Avenue property, on time or within budget. The Company also might not succeed in leasing newly developed or acquired properties, including the Lexington Avenue property, at rents sufficient to cover their costs of acquisition or development and operations.

THE COMPANY MAY NOT BE PERMITTED TO DISPOSE OF CERTAIN PROPERTIES OR PAY DOWN THE DEBT ASSOCIATED WITH THOSE PROPERTIES WHEN IT MIGHT OTHERWISE DESIRE TO DO SO WITHOUT INCURRING ADDITIONAL COSTS.

As part of an acquisition of a property, the Company may agree with the seller that it will not dispose of the acquired property or reduce the mortgage indebtedness on the property for significant periods of time unless it pays certain of the resulting tax costs of the seller. These agreements could result in the Company holding on to properties that it would otherwise sell and not paying down or refinancing indebtedness that it would otherwise pay down or refinance.

IT MAY BE DIFFICULT TO BUY AND SELL REAL ESTATE QUICKLY, AND TRANSFER RESTRICTIONS APPLY TO SOME OF THE COMPANY'S MORTGAGED PROPERTIES.

Equity real estate investments are difficult to buy and sell quickly. Therefore, the Company has limited ability to vary its portfolio promptly in response to changes in economic or other conditions. Some of the Company's properties are mortgaged to secure payment of indebtedness. If it was unable to meet its mortgage payments, lenders could foreclose on properties and the Company could incur losses. In addition, if it wishes to dispose of one or more of the mortgaged properties, it may not be able to obtain release of the liens on the mortgaged properties. If a lender forecloses on a mortgaged property or if a mortgage lien prevents the Company from selling a property or a portion thereof, funds available for payment of indebtedness and for distribution to security holders may decline. For information relating to the mortgages on the Company's properties, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Debt and Contractual Obligations" and the notes to the consolidated financial statements in this Annual Report on Form 10-K.

ALL OF THE COMPANY'S PROPERTIES ARE IN THE GREATER NEW YORK CITY METROPOLITAN AREA AND ARE AFFECTED BY THE ECONOMIC CYCLES AND RISKS INHERENT IN THAT REGION.

During the years ended December 31, 2003, 2002 and 2001, all of the Company's revenues came from properties located in the New York City metropolitan area and in Paramus, New Jersey. Like other real estate markets, the real estate market in this area has experienced economic downturns in the past, and the Company cannot predict how the current economic conditions will impact this market in both the short and long term. Further declines in the economy or a decline in the real estate market in this area could hurt the Company's financial performance and the value of the Company's properties. The factors affecting economic conditions in this region include:

- business layoffs or downsizing,
- industry slowdowns,
- relocations of businesses,
- changing demographics,
- increased telecommuting and use of alternative work places,
- financial performance and productivity of the publishing, advertising, financial, technology, retail, insurance and real estate industries,
- infrastructure quality, and
- any oversupply of, or reduced demand for, real estate.

It is impossible for the Company to assess the future effects of the current uncertain trends in the economic and investment climates of the greater New York City metropolitan region, and more generally of the United States, on the real estate market in this area. If these conditions persist, they may adversely affect the Company's businesses and future profitability.

THE COMPANY MAY INCUR COSTS IN COMPLYING WITH ENVIRONMENTAL LAWS.

The Company's operations and properties are subject to various federal, state and local laws, ordinances and regulations concerning the protection of the environment, including air and water quality, hazardous substances and health and safety. Under certain of these environmental laws, a current or previous owner or operator of real estate may be required to investigate and cleanup hazardous or toxic substances released at a property. The owner or operator may also be held liable to a government entity or to third parties for property damage or personal injuries and for investigation and cleanup costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may impair the Company's ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality, including those that can require the abatement or removal of materials containing asbestos in the event of damages, demolition, renovations or remodeling, and also govern emissions of, and exposure to, asbestos fibers in the air. The maintenance and removal of lead paint, certain electrical equipment containing polychlorinated biphenyls and underground storage tanks are also regulated by federal and state laws. The Company could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or exposure at or from its properties.

Each of the Company's properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental condition except as noted in the following paragraph. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to the Company.

In June 1997, the Kings Plaza Regional Shopping Center commissioned the Phase II Study to evaluate and delineate environmental conditions disclosed in a Phase I study. The results of the Phase II study indicated the presence of petroleum and bis (2-ethylhexyl) phthalate contamination in the soil and groundwater. The Company has delineated the contamination and have developed a remediation approach, which is ongoing. NYDEC has approved a portion of the remediation approach. The Company accrued \$2,675,000 in previous years, of which \$2,436,000 has been paid as of December 31, 2003, for its estimated obligation with respect to the cleanup of the site, and which includes costs of (i) remedial investigation, (ii) feasibility studies, (iii) remedial design, (iv) remedial action and (v) professional fees. If NYDEC insists on a more extensive remediation approach, the Company could incur additional obligations. The Company can make no assurance that it will not incur additional environmental costs with respect to this property.

REAL ESTATE IS A COMPETITIVE BUSINESS.

The Company operates in a highly competitive environment. All of its properties are located in the New York City metropolitan area and Paramus, New Jersey. The Company competes with a large number of real estate property owners and developers. Principal factors of competition are the amount of rent charged, attractiveness of location and

quality and breadth of services provided. The Company's success depends upon, among other factors, trends of national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and legislation, population trends, zoning laws, and the ability of the Company to lease, sublease or sell its properties, including the condominium units at the Lexington Avenue project, at profitable levels.

THE TERRORIST ATTACKS OF SEPTEMBER 11, 2001 IN NEW YORK CITY MAY ADVERSELY AFFECT THE VALUE OF THE COMPANY'S PROPERTIES AND ABILITY TO GENERATE CASH FLOW.

THERE MAY BE A DECREASE IN DEMAND FOR SPACE IN LARGE METROPOLITAN AREAS THAT ARE CONSIDERED AT RISK FOR FUTURE TERRORIST ATTACKS, AND THIS DECREASE MAY REDUCE THE COMPANY'S REVENUES FROM PROPERTY RENTALS.

All of the Company's properties are located in the New York City metropolitan area and Paramus, New Jersey. In the aftermath of terrorist attacks, tenants in this area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This would trigger a decrease in the demand for space in these markets, which could increase vacancies in the Company's properties and force it to lease its properties on less favorable terms. As a result, the value of the Company's properties and the level of its revenues could decline materially.

THE COMPANY MAY NOT BE ABLE TO OBTAIN SUFFICIENT EXTERNAL FINANCING TO FUND ITS OPERATIONS AND BUSINESS.

In the aggregate, the Company's operating properties do not generate sufficient cash flow to pay all of its expenses. While the Company expects that its cash flow will become positive after the completion of the construction of the Lexington Avenue property, which is expected in 2005, there can be no assurance that the Lexington Avenue property will be completed on time or completed for the budgeted amount or that the operational and financial expectations are accurate.

Accordingly, the Company depends principally upon external financing to fund its operations and business, including the development of the Lexington Avenue property. While it has received financing and credit support in the form of guarantees from Vornado, there can be no assurance that Vornado will provide the Company with any additional financing or credit support. Additionally, the Company's access to debt or equity financing depends on banks' willingness to lend and on conditions in the capital markets. The Company and other companies in the real estate industry have experienced limited availability of bank loans and capital market financing from time to time. Although the Company believes that it will be able to finance any investments it wishes to make in the foreseeable future, financing in addition to what it already has available may not be available on acceptable terms.

For information about the available sources of funds, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

THE COMPANY'S OWNERSHIP STRUCTURE AND RELATED-PARTY TRANSACTIONS MAY GIVE RISE TO CONFLICTS OF INTEREST.

STEVEN ROTH, VORNADO REALTY TRUST AND INTERSTATE PROPERTIES MAY EXERCISE SUBSTANTIAL INFLUENCE OVER THE COMPANY. THEY AND SOME OF THE COMPANY'S OTHER DIRECTORS AND OFFICERS HAVE INTERESTS OR POSITIONS IN OTHER ENTITIES THAT MAY COMPETE WITH THE COMPANY.

At December 31, 2003, Interstate and its partners owned approximately 11.7% of the common shares of beneficial interest of Vornado, the Company's manager, and approximately 27.5% of Alexander's, Inc. common stock. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the three partners of Interstate. Mr. Roth is the Company's Chief Executive Officer and a director, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado and the Managing General Partner of Interstate. Mr. Wight and Mr. Mandelbaum are both trustees of Vornado and members of the Company's Board of Directors. In addition, Vornado manages and leases the real estate assets of Interstate.

As of December 31, 2003, Vornado owned 33.1% of the Company's outstanding common stock, in addition to that owned by Interstate and its partners. In addition to the relationships described in the immediately preceding paragraph, Michael D. Fascitelli, the President and a trustee of Vornado, is the Company's President and a member of its Board of Directors. Mr. Richard West is a trustee of Vornado and a member of the Company's Board of Directors. In addition, Joseph Macnow, Executive Vice President and Chief Financial Officer, holds the same positions with Vornado.

Because of their overlapping interests, Mr. Roth, Interstate Properties and the other individuals noted in the preceding paragraphs may have substantial influence over both Vornado and Alexander's, and on the outcome of any

matters submitted to Vornado shareholders or Alexander's stockholders for approval. In addition, certain decisions concerning the Company's operations or financial structure may present conflicts of interest among Messrs. Roth, Mandelbaum and Wight and Interstate and other security holders. Mr. Roth and Interstate may, in the future, engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting Vornado or the Company, such as which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, by Vornado or the Company, competition for properties and tenants, possible corporate transactions such as acquisitions, and other strategic decisions affecting the future of these entities.

THERE MAY BE CONFLICTS OF INTEREST BETWEEN VORNADO REALTY TRUST, ITS AFFILIATES AND THE COMPANY.

At December 31, 2003, Vornado had loans receivable from the Company of \$124,000,000 at an interest rate of 12.48%. These loans mature on the earlier of January 3, 2006 or the date that the Lexington Avenue construction loan is finally repaid. In addition, \$21,000,000 was available under the line of credit with Vornado at December 31, 2003. Vornado also manages, develops and leases the Company's properties under agreements under which Vornado receives annual fees and will receive an estimated development fee and guarantee fee for the Lexington Avenue property of \$26,300,000 and \$6,300,000, respectively. These agreements have one-year terms expiring in March of each year, except that the Lexington Avenue management and development agreements have terms lasting until substantial completion of the construction of the Lexington Avenue property, and are all automatically renewable. Because the Company and Vornado share common senior management and because a majority of the trustees of Vornado also constitute the majority of the Company's directors, the terms of the foregoing agreements and any future agreements between the Company and Vornado and its affiliates may not be comparable to those the Company could have negotiated with an unaffiliated third party.

For a description of Interstate's ownership of Vornado and Alexander's, see " -- Steven Roth, Vornado Realty Trust and Interstate Properties may exercise substantial influence over the Company. They and some of the Company's other directors and officers have interests or positions in other entities that may compete with the Company." above.

THE ORGANIZATIONAL AND FINANCIAL STRUCTURE OF THE COMPANY GIVES RISE TO OPERATIONAL AND FINANCIAL RISKS.

THE COMPANY DEPENDS ON DIVIDENDS AND DISTRIBUTIONS FROM DIRECT AND INDIRECT SUBSIDIARIES AND THESE SUBSIDIARIES' CREDITORS AND PREFERRED SECURITY HOLDERS ARE ENTITLED TO PAYMENT OF AMOUNTS PAYABLE TO THEM BY THE SUBSIDIARIES BEFORE THE SUBSIDIARIES MAY PAY ANY DIVIDENDS OR DISTRIBUTIONS TO THE COMPANY.

Alexander's, Inc. holds substantially all of its properties and assets through subsidiaries. Alexander's, Inc. therefore depends on cash distributions and dividends from its subsidiaries for substantially all of its cash flow. The creditors of each of its direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them, when due and payable, before that subsidiary may make distributions or dividends to Alexander's, Inc. Thus, Alexander's, Inc.'s ability to pay its indebtedness and to make dividends to its security holders depends on its subsidiaries' ability to first satisfy their obligations to their creditors.

THE COMPANY HAS SUBSTANTIAL INDEBTEDNESS, AND THIS INDEBTEDNESS MAY INCREASE.

As of December 31, 2003, the Company had approximately \$731,485,000 in total debt outstanding, inclusive of \$124,000,000 due to Vornado. Our ratio of total debt to total enterprise value was 54.9% at December 31, 2003. "Enterprise value" means the market equity value of Alexander's, Inc. plus debt less cash and cash equivalents at such date. In addition, the Company has significant debt service obligations. For the year ended December 31, 2003, the Company's cash payments for principal and interest were \$49,582,000. Except for the year ended December 31, 2001, the Company had deficiencies in earnings to cover fixed charges. In the future, the Company may incur additional debt, as it did in February 2004 with the \$400,000,000 financing collateralized by the office space at the Lexington Avenue project, and thus increase the ratio of total debt to total enterprise value, to finance acquisitions or property developments. The Company may review and modify its debt level from time to time without notice to or any vote of security holders.

ALEXANDER'S, INC. HAS OUTSTANDING AND EXERCISABLE STOCK APPRECIATION RIGHTS. THE EXERCISE OF THESE STOCK APPRECIATION RIGHTS MAY IMPACT THE COMPANY'S LIQUIDITY.

As of December 31, 2003, 850,000 stock appreciation rights ("SARs") were outstanding and exercisable at a weighted-average exercise price of \$71.82. The agreements for these SARs require that they be settled in cash. Had the holders of these SARs chosen to exercise their rights as of December 31, 2003, the Company would have had to

pay \$44,917,000 in cash. Further appreciation in the Alexander's, Inc. stock price from the closing stock price of \$124.66 at December 31, 2003 will increase the cash the Company would have to pay upon exercise and may impact liquidity by requiring the Company to secure additional borrowings to replace such a cash outflow.

THE COMPANY'S EXISTING FINANCING DOCUMENTS CONTAIN COVENANTS AND RESTRICTIONS THAT MAY INHIBIT THE COMPANY'S OPERATIONAL AND FINANCIAL FLEXIBILITY AND RESTRICT OR PROHIBIT THE ABILITY TO MAKE PAYMENTS UPON SECURITIES.

At December 31, 2003, substantially all of the Company's properties were pledged to secure obligations under \$731,485,000 of existing secured indebtedness. If the Company were to fail to perform its obligations under existing indebtedness or become insolvent or were liquidated, secured creditors would be entitled to payment in full from the proceeds of the sale of the pledged assets prior to any proceeds being paid to other creditors or to any holders of the Company's securities. In such an event, it is possible that the Company would have insufficient assets remaining to make payments to a holder of the Company's securities. In addition, the existing financing documents contain restrictive covenants which limit the ability to incur indebtedness, make prepayments of indebtedness, pay dividends, make investments, engage in transactions with affiliates, issue or sell capital stock of subsidiaries, create liens, sell assets, acquire or transfer property and engage in mergers and acquisitions. These covenants may significantly restrict the Company's operational and financial flexibility and may restrict its ability to obtain additional financing or pursue other business activities that may be beneficial.

THE LOSS OF KEY PERSONNEL COULD HARM OPERATIONS.

The Company is dependent on the efforts of Steven Roth, its Chief Executive Officer, and Michael D. Fascitelli, its President. While the Company believes that it could find replacements for these individuals, the loss of their services could harm operations.

THE COMPANY MIGHT FAIL TO QUALIFY OR REMAIN QUALIFIED AS A REAL ESTATE INVESTMENT TRUST.

Although the Company believes that Alexander's, Inc. will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, it might fail to remain qualified in this way. Qualification as a REIT for federal income tax purposes is governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations. Qualification as a REIT also depends on various facts and circumstances that are not entirely within the control of the Company. In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the federal income tax consequences of qualification as a REIT.

In order to qualify and maintain its qualification as a REIT for federal income tax purposes, the Company is required, among other conditions, to distribute as dividends to its stockholders at least 90% of annual REIT taxable income. As of December 31, 2003, the Company had reported net operating loss carryovers ("NOLs") of \$64,518,000, which generally would be available to offset the amount of REIT taxable income that it otherwise would be required to distribute. However, the NOLs reported on the tax returns are not binding on the Internal Revenue Service and are subject to adjustment as a result of future audits. In addition, under Section 382 of the Internal Revenue Code, the ability to use the Company's NOLs could be limited if, generally, there are significant changes in the ownership of the Company's outstanding stock. Since its reorganization as a REIT commencing in 1995, the Company has not paid regular dividends and does not believe that it will be required to, and may not, pay regular dividends until the NOLs have been fully utilized.

LIMITS ON CHANGES IN CONTROL MAY DISCOURAGE TAKEOVER ATTEMPTS BENEFICIAL TO STOCKHOLDERS.

Provisions in the Company's certificate of incorporation and by laws, as well as provisions of the Internal Revenue Code and Delaware corporate law, may:

- delay or prevent a change of control over the Company or a tender offer, even if such action might be beneficial to stockholders, and
- limit the stockholders' opportunity to receive a potential premium for their shares of common stock over then prevailing market prices.

Stock Ownership Limit - Primarily to facilitate maintenance of its qualification as a REIT, the Company's certificate of incorporation generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 9.9% of the outstanding shares of preferred stock of any series or 4.9% of outstanding common stock. The Board of Directors may waive or modify these ownership limits with respect to one or more persons if it is satisfied that ownership in excess of these limits will not jeopardize the Company's status as a REIT for federal income

tax purposes. In addition, the Board of Directors has, subject to certain conditions and limitations, exempted Vornado and certain of its affiliates from these ownership limitations. Shares owned in violation of these ownership limits will be subject to the loss of rights and other restrictions. These ownership limits may have the effect of inhibiting or impeding a change in control.

THE NUMBER OF SHARES OF ALEXANDER'S, INC. COMMON STOCK AND THE MARKET FOR THOSE SHARES GIVE RISE TO VARIOUS RISKS.

ALEXANDER'S, INC. HAS OUTSTANDING AND EXERCISABLE OPTIONS TO PURCHASE ITS COMMON STOCK. THE EXERCISE OF THESE OPTIONS COULD DECREASE THE MARKET PRICE OF THE SHARES OF COMMON STOCK CURRENTLY OUTSTANDING.

As of December 31, 2003, 105,000 options were outstanding and exercisable at a weighted-average exercise price of \$70.38. Additionally, 1,745,000 shares are available for future grant under the terms of the Company's Omnibus Stock Plan. The Company cannot predict the impact that future exercises of outstanding options or grants of additional options would have on the market price of its common stock.

CHANGES IN MARKET CONDITIONS COULD DECREASE THE MARKET PRICE OF THE COMPANY'S SECURITIES.

The value of the Company's securities depends on various market conditions, which may change from time to time. Among the market conditions that may affect the value of the Company's shares are the following:

- the extent of institutional investor interest in Alexander's, Inc.,
- the reputation of REITs generally and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities,
- the Company's NOLs which are generally available to offset the amount of the REIT taxable income that the Company otherwise would be required to distribute as dividends,
- the Company's financial condition and performance,
- the Company's ability to complete the Lexington Avenue development project on a timely basis and for the budgeted amount,
- prevailing interest rates, and
- general financial market conditions.

In addition, the stock market in recent years has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies.

ITEM 2. PROPERTIES

The following table shows the location, ownership, approximate size and leasing status of each of the Company's properties as of December 31, 2003.

Property	Ownership	Approximate Area	Approximate Building Leaseable Square Feet/ Number of Floors	Average Annualized Base Rent Per Square Foot	Percent Leased	Significant Tenants	Square Footage Leased	Lease Expiration/ Option
OPERATING PROPERTIES								
Kings Plaza Regional Shopping Center Flatbush Avenue and Avenue U Brooklyn, New York	Owned	24.3 acres	759,000 (1) (2)/ 2 and 4	\$ 34.48	99%	Sears 124 Mall tenants	289,000 461,000	2023/2033 Various
Rego Park I Queens Boulevard and 63rd Road Queens, New York	Owned	4.8 acres	351,000 (1)/3	31.92	100%	Sears Circuit City Bed Bath & Beyond Marshalls	195,000 50,000 46,000 39,000	2021/2031 2021 2013/2021 2008/2021
Routes 4 and 17 Paramus, New Jersey	Owned	30.3 acres	N/A, Ground Lease	N/A, Ground Lease	100%	IKEA Property, Inc.	N/A, Ground Lease	2041
Roosevelt Avenue and Main Street Flushing, New York	Leased(3)	44,975 sq.ft.	177,000 (1)/4		0%			
			----- 1,287,000 =====					
PROPERTY UNDER DEVELOPMENT								
Square block at East 59th Street and Lexington Avenue New York, New York	Owned	84,420 sq.ft.	1,304,000/55			Bloomberg L.P. The Home Depot Hennes & Mauritz	695,000 83,000 27,000	2030/2040 2025/2035 2020
PROPERTY TO BE DEVELOPED								
Rego Park II Adjacent to Rego Park I Queens, New York	Owned	6.6 acres						

(1) Excludes parking garages.

(2) Excludes the 339,000 square foot Macy's store, owned and operated by Federated Department Stores, Inc. ("Federated").

(3) Leased to the Company through January 2027. The rent under the lease is as follows: \$331,000 per year from February 1997 through January 2007, \$220,000 per year from February 2007 through January 2017, and \$147,000 per year from February 2017 through January 2027.

Operating Properties

Kings Plaza Regional Shopping Center

The Kings Plaza Regional Shopping Center (the "Center") contains 1,098,000 square feet and is comprised of a two-level mall (the "Mall") containing 470,000 square feet and two four-level anchor stores. One of the anchor stores is owned by the Company and leased to Sears, while the other anchor store is owned and operated as a Macy's store by Federated. The Center occupies a 24.3 acre site at the intersection of Flatbush Avenue and Avenue U in Brooklyn, New York. Among the Center's features are a marina, a five-level parking garage and an energy plant that generates all of the Center's electrical power. The Company completed renovations of the interior of the Mall in 2001 and the exterior of the Mall in 2002.

The Company plans to construct a two-story freestanding building adjacent to the Mall of approximately 200,000 square feet. The first story of approximately 120,000 square feet will be operated as a Lowe's Home Improvement Warehouse ("Lowe's"). The Lowe's lease is expected to commence in 2006. The cost of the project will be approximately \$13 to 15 million, net of the Lowe's reimbursement and before reimbursement, if any, from the second story tenant(s). There can be no assurance that this project will be completed, completed on time or completed for the budgeted amount.

The following table shows lease expirations for the Mall tenants in the Center for the next ten years, assuming none of the tenants exercise renewal options.

Year	Number of Leases Expiring	Approximate Leased Area in Square Feet Under Expiring Leases	Annualized Fixed Rent Under Expiring Leases	Annualized Fixed Rent Under Expiring Leases per Square Foot	Percent of Total Leased Square Footage Represented by Expiring Leases	Percent of 2003 Gross Annual Base Rentals Represented by Expiring Leases
2004	5	20,678	\$ 894,000	\$ 43.25	4.5%	4.1%
2005	9	13,262	572,000	43.16	2.9%	2.6%
2006	16	87,742	2,701,000	30.79	19.0%	12.2%
2007	16	52,632	2,570,000	48.83	11.4%	11.6%
2008	9	15,791	1,052,000	66.62	3.4%	4.8%
2009	14	68,766	3,744,000	54.45	14.9%	16.9%
2010	10	22,907	1,548,000	67.57	5.0%	7.0%
2011	12	36,965	1,916,000	51.84	8.0%	8.7%
2012	16	79,973	2,787,000	34.85	17.4%	12.6%
2013	14	40,379	2,459,000	60.89	8.8%	11.1%

The following table shows the occupancy rate and the average annual rent per square foot for the Mall stores as of:

	Occupancy Rate	Average Annual Base Rent Per Square Foot
December 31, 2003	98%	\$ 47.95
December 31, 2002	97%	45.59
December 31, 2001	96%	45.97
December 31, 2000	91%	44.66
December 31, 1999	86%	43.12

The Center is encumbered by a first mortgage loan with a balance of \$216,586,000 at December 31, 2003. The loan matures in June 2011 and bears interest at 7.46%.

Rego Park I

The Rego Park I property encompasses the entire block fronting on Queens Boulevard and bounded by 63rd Road, 62nd Drive, 97th Street and Junction Boulevard. The existing 351,000 square foot building was redeveloped in 1996 and is fully leased to Sears, Circuit City, Bed Bath & Beyond, Marshalls and Old Navy. In conjunction with the redevelopment, a multi-level parking structure was constructed to provide paid parking spaces for approximately 1,200 vehicles.

The property is encumbered by a first mortgage loan with a balance of \$82,000,000 at December 31, 2003. The loan matures in June 2009 and bears interest at 7.25%

Paramus

The Company owns 30.3 acres of land located at the intersection of Routes 4 and 17 in Paramus, New Jersey. The Company's property is located directly across from the Garden State Plaza regional shopping mall and is within two miles of three other regional shopping malls and ten miles of New York City. This land is leased to IKEA Property, Inc.

On October 5, 2001, the Company entered into a ground lease for the Paramus, New Jersey property with IKEA Property, Inc. The lease has a 40-year term with a purchase option at the end of the twentieth year for \$75,000,000. Further, the Company has a \$68,000,000 interest only, non-recourse mortgage loan on the property from a third party lender. The fixed interest rate on the debt is 5.92% with interest payable monthly until maturity in October 2011. The triple-net rent each year is the sum of \$700,000 plus the amount of debt service on the mortgage loan. If the purchase option is not exercised at the end of the twentieth year, the triple-net rent for the last 20 years must include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

Flushing

The Flushing property is located on Roosevelt Avenue and Main Street in the downtown, commercial section of Flushing, Queens, New York. Roosevelt Avenue and Main Street are active shopping districts and there are many national retailers located in the area. A subway entrance is located directly in front of the property with bus service across the street. The property comprises a vacant four-floor building containing 177,000 square feet and a parking garage.

On May 30, 2002, the Company entered into an agreement to sell its subsidiary which owns the building and has the ground lease for its property in Flushing for \$18,750,000. The Company received a non-refundable deposit of \$1,875,000 from the purchaser. By Notice of Default dated August 16, 2002, the landlord of the premises notified the Company of certain alleged defaults under the lease including, but not limited to, the fact that the purchaser performed unauthorized construction at the premises. The Company commenced an action against the landlord for injunctive relief and a declaration of the rights and obligations of the parties under the lease. The Company has obtained an injunction, which temporarily restrains the landlord from terminating the lease. On September 6, 2002, the scheduled closing date, the Company notified the purchaser that it failed to close and is in default of its obligations under the purchase contract. Since the purchaser has not met its obligations under the purchase contract, the Company recognized \$1,289,000 as income, representing the non-refundable deposit of \$1,875,000, net of \$586,000 for costs associated with this transaction. This income is included in "Interest and other income, net" in the Company's consolidated statement of operations for the year ended December 31, 2003.

Property Under Development

Lexington Avenue

The Company owns a property which comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street and is situated in the heart of one of Manhattan's busiest business and shopping districts with convenient access to several subway and bus lines. The property is located directly across the street from Bloomingdale's flagship store and only a few blocks away from Fifth Avenue and 57th Street.

The development at Lexington Avenue consists of an approximately 1.3 million square foot multi-use building. The building will contain approximately 885,000 net rentable square feet of office space, approximately 171,000 net rentable square feet of retail space and approximately 248,000 net saleable square feet of residential space consisting of condominium units (through a taxable REIT subsidiary). Of the construction budget of \$630,000,000 (which

excludes \$29,000,000 for development and guarantee fees to Vornado), \$402,000,000 has been expended through December 31, 2003 and an additional \$62,200,000 has been committed to at December 31, 2003. Construction is expected to be completed in 2005.

On May 1, 2001, the Company entered into a triple-net lease with Bloomberg L.P. for approximately 695,000 square feet of office space at the Lexington Avenue property (the "Bloomberg Space"). The initial term of the lease is 25 years with a ten-year renewal option. Base annual net rent is \$34,529,000 in each of the first four years and \$38,533,000 in the fifth year with a similar percentage increase each four years thereafter. On November 15, 2003, the Company delivered approximately 87% of the space. Accordingly, the Company transferred approximately \$195,000,000 from "Construction in progress" to "Land" and "Buildings, leaseholds and leasehold improvements" in the year ended December 31, 2003. As of February 9, 2004, all of the Bloomberg Space has been delivered. Payment of base rent commences nine months from delivery of each parcel of space; rent recognition commenced from delivery of space.

At December 31, 2003, 115,000 square feet of retail space has been leased, of which The Home Depot and Hennes & Mauritz have leased 83,000 and 27,000 square feet, respectively. The Company expects to deliver the leased space in 2004. Payment of base rent commences six to nine months from delivery of each space; rent recognition commences on delivery of space.

The residential space is comprised of 105 condominium units. The original offering plan filed for these units, as amended for price increases through December 31, 2003, would produce (inclusive of the value of existing contracts) an aggregate sale price of \$457,000,000. As of December 31, 2003, the Company has received deposits of \$10,425,000 on sales of the condominium units.

Financing of the Project

On February 13, 2004, the Company completed a \$400,000,000 mortgage financing on the office space. The loan was placed by German American Capital Corporation, an affiliate of Deutsche Bank. The loan bears interest at 5.33%, matures in February 2014 and beginning in the third year, provides for principal payments based on a 25-year amortization schedule such that over the remaining eight years of the loan, ten years of amortization will be paid. \$253,529,000 of the loan proceeds was used to repay the entire amount outstanding under the previously existing construction loan (the "Construction Loan") with Hypo Real Estate Capital Corporation.

The Construction Loan was modified so that the remaining availability is \$237,000,000, which is approximately the amount estimated to complete the Lexington Avenue development project (not including \$29,000,000 for development and guarantee fees to Vornado). The interest rate of the Construction Loan of LIBOR plus 2.5% (3.64% at December 31, 2003) and the maturity date of January 2006, with two one-year extensions, were not changed. The collateral for the Construction Loan is the same except that the office space has been removed from the lien. Further, the Construction Loan permits the release of the retail space for a payment of \$15 million and requires all proceeds from the sale of the residential condominium units to be applied to the Construction Loan balance until it is finally repaid. Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the Lexington Avenue project and funding of project costs in excess of a stated loan budget, if not funded by the Company (the "Completion Guarantee"). If Vornado should advance any funds under the Completion Guarantee in excess of \$21,000,000, which is the amount currently available under the line of credit with Vornado, interest on those advances would be at 15% per annum.

There can be no assurance that the Lexington Avenue project will be completed on time or completed for the budgeted amount. Any failure to complete the Lexington Avenue project on time or within budget may adversely affect future cash flows and funds from operations, and the Company's financial condition.

Property to Be Developed

Rego Park II

The Company owns two land parcels containing 6.6 acres adjacent to its Rego Park I property. They comprise the entire square block bounded by the Long Island Expressway, 97th Street, 62nd Drive and Junction Boulevard and a smaller parcel of approximately one-half square block at the intersection of 97th Street and the Long Island Expressway. Both parcels are currently zoned for residential use and are being used for public paid parking. The Company intends to continue to use these properties for paid parking while it evaluates its development options.

The Company is considering the development of two projects at its Rego Park II property. One project is a mixed-use, three-level development containing approximately 500,000 square feet of retail space, a multi-level parking garage and up to 450,000 square feet of residential space. This project is subject to governmental approvals. The other project consists of two retail buildings containing approximately 80,000 square feet. It is anticipated that neither of these projects will commence prior to 2005. There can be no assurance that these development projects will be completed, completed on time or completed for the budgeted amount.

Other Encumbrances

At December 31, 2003, the Company was indebted to Vornado in the amount of \$124,000,000, comprised of (i) a \$95,000,000 note and (ii) \$29,000,000 under a \$50,000,000 line of credit. The loans are collateralized by, among other things, a pledge given by the Company of its interests in the entities holding (a) the Lexington Avenue property, (b) the Flushing property and (c) the Rego Park II property.

Insurance

The Company carries comprehensive liability and all-risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets but is at risk for financial loss in excess of the policies' limits. Such a loss could be material.

The Company's all-risk insurance policies in effect before September 11, 2001 did not expressly exclude coverage for hostile acts, except acts of war. Since September 11, 2001, but prior to the enactment of the Terrorism Risk Insurance Act of 2002, insurance companies had, for the most part, excluded terrorist acts from coverage in all-risk policies. The Company was generally unable to obtain all-risk insurance that includes coverage for terrorist acts for policies renewed during that period.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments, allowing the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it may adversely affect the Company's ability to finance and/or refinance its properties and businesses, including the construction of the Lexington Avenue development property.

On November 26, 2002, the Terrorism Risk Insurance Act of 2002 was signed into law. Under this new legislation, through 2004 (with a possible extension through 2005), regulated insurers must offer coverage in their commercial property and casualty policies (including existing policies) for losses resulting from defined "acts of terrorism." As a result of the legislation, in June 2003, the Company obtained \$500,000,000 of coverage per occurrence for certified terrorist acts, as defined in the legislation, and \$150,000,000 per occurrence for non-certified acts. In addition, on February 13, 2004, the Company increased the builders' risk insurance coverage for its Lexington Avenue project, which includes full coverage for certified terrorist acts, per occurrence, and \$200,000,000 for non-certified acts, per occurrence. Therefore, the Company is at risk for financial loss in excess of these limits for terrorist acts, as defined by the policies and the legislation. Such loss could be material. Prior to June 2003, the Company had \$200,000,000 of separate aggregate coverage for terrorist acts.

ITEM 3. LEGAL PROCEEDINGS

Neither the Company nor any of its subsidiaries is a party to, nor is their property the subject of, any material pending legal proceeding other than routine litigation incidental to their businesses. The Company believes that these legal actions will not be material to the Company's financial condition or results of operations.

For a discussion of the litigation concerning the sale of the Company's subsidiary which owns the building and has the ground lease for the Company's property in Flushing, New York, see "Item 2. Properties -- Operating Properties -- Flushing."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2003.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages, principal occupations and positions with the Company of the executive officers of the Company and the positions held by such officers during the past five years.

NAME	AGE	PRINCIPAL OCCUPATIONS AND OFFICES (CURRENT AND DURING THE PAST FIVE YEARS WITH THE COMPANY UNLESS OTHERWISE STATED)
Stephen Mann	68	Chairman of the Board of Directors since March 1995; Interim Chairman of the Board of Directors from August 1994 to March 1995; Chairman of Coast to Coast Financial Corp. since 2001; Chairman of the Clifford Companies since 1990; and, prior thereto, counsel to Mudge Rose Guthrie Alexander & Ferdon, attorneys.
Steven Roth	62	Chief Executive Officer since March 1995; Chairman of the Board and Chief Executive Officer of Vornado Realty Trust since May 1989; Chairman of Vornado Realty Trust's Executive Committee of the Board since April 1980; and a trustee of Vornado Realty Trust since 1979; Chairman of the Board and Chief Executive Officer of Vornado Operating Company since 1998; and Managing General Partner of Interstate Properties.
Michael D. Fascitelli	47	President since August 2000; Director of the Company and President and trustee of Vornado Realty Trust since December 1996; President and director of Vornado Operating Company since 1998; Partner at Goldman Sachs & Co., in charge of its real estate practice, from December 1992 to December 1996; and, prior thereto, Vice President at Goldman Sachs & Co.
Joseph Macnow	58	Executive Vice President and Chief Financial Officer since June 2002; Executive Vice President - Finance and Administration from March 2001 to June 2002; Vice President and Chief Financial Officer from August 1995 to March 2001; Executive Vice President - Finance and Administration of Vornado Realty Trust since January 1998 and Chief Financial Officer of Vornado Realty Trust since March 2001; Vice President and Chief Financial Officer of Vornado Realty Trust from 1985 to January 1998; Executive Vice President and Chief Financial Officer of Vornado Operating Company since June 2002; Executive Vice President - Finance and Administration of Vornado Operating Company from 1998 to June 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is listed on the New York Stock Exchange under the symbol "ALX." The transfer agent and registrar for the common stock is Wachovia Bank, N.A. Set forth below are the high and low sales prices for the common stock for each full quarterly period within the two most recent years.

QUARTER -----	YEAR ENDED DECEMBER 31,			
	2003		2002	
	HIGH	LOW	HIGH	LOW
First.....	\$ 66.98	\$ 61.40	\$ 64.80	\$ 55.75
Second.....	86.90	63.75	77.00	60.00
Third.....	106.50	83.20	77.76	59.49
Fourth.....	126.00	102.50	65.54	61.45

As of February 29, 2004, there were approximately 1,450 holders of record of the Company's common stock. The Company pays dividends only if, as and when declared by its Board of Directors. No dividends were paid in 2003 and 2002. In order to qualify as a real estate investment trust, the Company generally is required to distribute 90% of its taxable income as a dividend. At December 31, 2003, the Company had net operating loss carryovers ("NOLs") of approximately \$64,518,000. Under the Internal Revenue Code of 1986, as amended, the Company's NOLs generally would be available to offset the amount of the Company's taxable income (excluding income from taxable REIT subsidiaries) that otherwise would be required to be distributed as a dividend to stockholders.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial and operating data. This data should be read in conjunction with the consolidated financial statements and notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K. This data may not be comparable to, or indicative of, future operating results.

(amounts in thousands, except per share data)

	YEAR ENDED DECEMBER 31,				
	2003	2002	2001	2000	1999
Total revenues.....	\$ 87,162	\$ 76,800	\$ 67,792	\$ 62,696	\$ 63,133
(Loss) income from continuing operations....	\$ (18,948)	\$ 12,400	\$ 7,414	\$ 4,425	\$ 4,743
Income from discontinued operations.....	1,206	11,184	946	772	781
Gain on sale of Fordham Road property.....	--	--	19,026	--	--
Net (loss) income.....	\$ (17,742) (1)	\$ 23,584 (2)	\$ 27,386 (3)	\$ 5,197	\$ 5,524 (4)
Net (loss) income per common share (basic and diluted):					
(Loss) income from continuing operations..	\$ (3.79)	\$ 2.48	\$ 1.48	\$ 0.89	\$ 0.95
Income from discontinued operations.....	0.24	2.24	0.19	0.15	0.15
Gain on sale of Fordham Road property.....	--	--	3.81	--	--
Net (loss) income.....	\$ (3.55)	\$ 4.72	\$ 5.48	\$ 1.04	\$ 1.10
Balance sheet data:					
Total assets.....	\$ 920,996	\$ 664,912	\$ 583,339	\$ 403,305	\$ 366,496
Real estate, net.....	773,083	542,975	377,961	343,612	269,324
Debt.....	731,485	543,807	515,831	367,788	329,161
Stockholders' equity.....	50,923	68,665	45,081	17,695	12,498

(1) Loss from continuing operations includes (i) an accrual of \$44,917 for compensation expense for stock appreciation rights due to an increase in the Company's stock price and (ii) \$1,289 resulting from the recognition as income of the non-refundable deposit from the planned sale of the Flushing property of \$1,875, net of \$586 for costs associated with this transaction. Income from discontinued operations represents the reversal of previously accrued contingent liabilities.

(2) Income from discontinued operations includes the gain on the sale of the Third Avenue property of \$10,366.

(3) Income from continuing operations includes (i) a gain from the early extinguishment of debt of \$3,534, (ii) a \$3,058 write off of architectural and engineering costs associated with the development plans for the Paramus property prior to the ground lease with IKEA Property, Inc. and (iii) a \$2,030 write off of professional fees resulting from the termination of the spin-off of Alexander's Tower LLC.

(4) Income from continuing operations includes a \$4,877 write off of an asset arising from the straight-lining of rents, which was primarily due to Caldor's rejection of its Flushing lease in 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company had a net loss of \$17,742,000 for the year ended December 31, 2003, compared to net income of \$23,584,000 in the prior year. The net loss for 2003 includes (i) an accrual of \$44,917,000 for compensation expense for stock appreciation rights ("SARs"), (ii) \$1,289,000 resulting from the recognition as income of the non-refundable deposit from the planned sale of the Flushing property of \$1,875,000, net of \$586,000 for costs associated with this transaction, and (iii) income from discontinued operations of \$1,206,000 representing the reversal of previously accrued contingent liabilities. Net income for 2002 includes income from discontinued operations of \$11,184,000, which includes a gain on the sale of the Third Avenue property of \$10,366,000.

Effective January 1, 2002, the Company changed its method of accounting for long-lived assets sold or held for sale, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets. This statement requires that the results of operations and gains and losses attributable to properties held for sale or sold during 2002 and thereafter, such as the Third Avenue property, be classified as discontinued operations for all periods presented, and that any assets and liabilities of these properties be presented separately in the consolidated balance sheets. Properties sold as a result of sales activities that were initiated prior to January 1, 2002, such as the Fordham Road property, continue to be accounted for under the applicable prior accounting guidance.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the Company's consolidated financial statements. This summary should be read in conjunction with the more complete discussion of the Company's accounting policies included in Note 2 to the consolidated financial statements included in this Annual Report on Form 10-K.

Real Estate - Real estate is carried at cost, net of accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the assets' estimated useful lives, which range from seven to 50 years. Betterments, significant renewals and certain costs directly related to the acquisition, improvement and leasing of real estate are capitalized. Maintenance and repairs are charged to operations as incurred. As real estate is undergoing development activities, all property operating expenses, including interest expense, are capitalized to the cost of the real property to the extent that management believes such costs are recoverable through the value of the property. The recognition of depreciation expense requires estimates by management of the useful life of each property and improvement, as well as an allocation of the costs associated with a property, including capitalized costs, to its various components. If the Company does not allocate these costs appropriately or incorrectly estimates the useful lives of its real estate, depreciation expense could be misstated.

As construction of the Lexington Avenue development project progresses and as components of the building are placed into service (e.g., the space delivered to Bloomberg L.P. during 2003), the Company will cease capitalizing property operating expenses, including interest expense, and begin to expense these items, as well as depreciation, for those components.

The Company's properties are reviewed for impairment if events or circumstances change, indicating that the carrying amount of the property may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future on an undiscounted basis to the carrying amount of the property. The carrying amount of an asset would be adjusted, if necessary, to reflect an impairment in the value of the asset. If the Company incorrectly estimates undiscounted cash flows, impairment charges may be different. The impact of such estimates in connection with future impairment analyses could be material to the Company's consolidated financial statements.

Deferred Charges - Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest and debt expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis, which approximates the effective interest rate method, in accordance with the terms of the agreements to which they relate. In connection with the repayment of \$253,529,000 of the construction loan for the Lexington Avenue development project, the Company will write off \$3,050,000 of deferred financing costs in the first quarter of 2004.

Revenue Recognition - The Company has the following revenue sources and revenue recognition policies:

Base rent (revenue arising from tenant leases) - These rents are recognized over the non-cancelable term of the related leases on a straight-line basis, which includes the effects of rent steps and free rent abatements under the leases.

Percentage Rents (revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds) - These rents are recognized in accordance with Staff Accounting Bulletin No. 104, Revenue Recognition, which states that this contingent revenue is only to be recognized after the contingency has been removed (i.e., the sales threshold has been achieved).

Expense Reimbursements (revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties) - This revenue is accrued in the same periods as the expenses are incurred.

Condominium Sales (income arising from the sales of condominium units at the Lexington Avenue property) - Income on deposits received for sales of condominium units has been deferred in accordance with the deposit method of SFAS No. 66, Accounting for Sales of Real Estate.

The Company assesses, among other things, the collectibility of revenue before recognition. If the Company incorrectly assesses collectibility of revenue, net earnings and assets could be misstated.

Income Taxes - The Company operates in a manner intended to enable it to continue to qualify as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). Under the Code, the Company's net operating loss carryovers ("NOLs") generally would be available to offset the amount of the Company's REIT taxable income that would otherwise be required to be distributed as dividends to its stockholders.

The Company has elected to treat its wholly owned subsidiary, 731 Residential LLC ("Residential"), as a taxable REIT subsidiary ("TRS"). A TRS is subject to income tax at regular corporate tax rates. The Company's NOLs will not be available to offset taxable income of Residential. Residential owns the assets comprising the residential condominium units at the Company's Lexington Avenue project. Residential paid no income taxes in the years ended December 31, 2003, 2002 and 2001.

Stock Options - The Company accounts for stock-based compensation using the intrinsic value method. Under the intrinsic value method, compensation cost is measured as the excess, if any, of the quoted market price of the Company's common stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted market price of the Company's common stock on the grant date. Accordingly, no compensation expense has been recognized for the Company's stock options.

Stock Appreciation Rights - SARs are granted at 100% of the market price of the Company's common stock on the date of grant. SARs vest ratably, becoming fully vested 36 months after grant, and generate compensation expense measured by the excess of the stock price over the exercise price at the balance sheet date. On subsequent balance sheet dates, if the stock price falls, the previously recognized expense is reversed, but not below zero.

Recently Issued Accounting Standards - In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145 requires, among other things, that (i) the modification of a lease that results in a change of the classification of the lease from capital to operating under the provisions of SFAS No. 13, Accounting for Leases, be accounted for as a sale-leaseback transaction and (ii) the reporting of gains or losses from the early extinguishment of debt as extraordinary items only if they meet the criteria 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. The amendment of SFAS No. 13 had no impact on the Company's consolidated financial statements. As required by this statement, the Company reclassified the \$3,534,000 extraordinary gain in the year ended December 31, 2001 to "Gain on early extinguishment of debt."

RESULTS OF OPERATIONS

Years Ended December 31, 2003 and December 31, 2002

Property rentals were \$56,785,000 in 2003, compared to \$50,630,000 in 2002, an increase of \$6,155,000. This increase resulted primarily from recognizing rent of \$5,081,000 from the lease with Bloomberg L.P. which took possession of 87% of the 695,000 square feet under the lease on November 15, 2003.

Tenant expense reimbursements were \$30,377,000 in 2003, compared to \$26,170,000 in 2002, an increase of \$4,207,000. The increase was largely due to higher reimbursements as real estate taxes, insurance and repairs and maintenance also increased.

Operating expenses were \$37,984,000 in 2003, compared to \$33,042,000 in 2002, an increase of \$4,942,000. Of this increase, (i) \$1,541,000 resulted primarily from higher fuel costs for the utility plant at the Company's Kings Plaza Regional Shopping Center and (ii) \$373,000 resulted from bad debt expense this year as compared to a bad debt recovery in the prior year. The balance of the increase was due to higher real estate taxes, insurance and repairs and maintenance, which were billed to tenants.

General and administrative expenses were \$48,921,000 in 2003, compared to \$3,980,000 in 2002, an increase of \$44,941,000. This increase resulted from an accrual of \$44,917,000 of compensation expense for SARs based on the Company's closing stock price of \$124.66 at December 31, 2003. There was no SARs compensation expense in 2002.

Depreciation and amortization expense was \$7,497,000 in 2003, compared to \$6,668,000 in 2002, an increase of \$829,000. The increase was largely due to depreciation commencing on November 15, 2003 for space delivered to Bloomberg L.P.

Interest and other income, net was \$1,983,000 in 2003, compared to \$2,178,000 in 2002, a decrease of \$195,000. This decrease is largely attributable to lower average cash balances in 2003 due to greater expenditures for the Lexington Avenue project and lower yields on cash investments primarily offset by \$1,289,000 resulting from the recognition as income of the non-refundable deposit from the planned sale of the Flushing property of \$1,875,000, net of \$586,000 for costs associated with this transaction. Also, 2002 results include a non-recurring gain of \$169,000 resulting from the sale of air rights.

Interest and debt expense was \$13,691,000 in 2003, compared to \$22,888,000 in 2002, a decrease of \$9,197,000. This decrease primarily resulted from (i) higher capitalized interest in 2003 for the Lexington Avenue property (interest of \$37,516,000 was capitalized in 2003, as compared to \$23,788,000 in 2002) and (ii) a decrease in average interest rates from 8.23% to 7.47%, partially offset by (iii) an increase in average debt of \$94,991,000.

Years Ended December 31, 2002 and December 31, 2001

Property rentals were \$50,630,000 in 2002, compared to \$44,560,000 in 2001, an increase of \$6,070,000. The increase resulted primarily from (i) the commencement, on October 5, 2001, of the ground lease with IKEA Property, Inc. for the Paramus property and (ii) an increase in occupancy at the Kings Plaza Regional Shopping Center.

Tenant expense reimbursements were \$26,170,000 in 2002, compared to \$23,232,000 in 2001, an increase of \$2,938,000. The increase was largely due to higher reimbursements as real estate taxes, insurance and repairs and maintenance also increased.

Operating expenses were \$33,042,000 in 2002, compared to \$29,265,000 in 2001, an increase of \$3,777,000. This increase is primarily attributable to an increase in real estate taxes, insurance and repairs and maintenance.

Interest and other income, net was \$2,178,000 in 2002, compared to \$3,237,000 in 2001, a decrease of \$1,059,000. This decrease is largely attributable to lower average cash balances in 2002 due to expenditures for the Lexington Avenue project and lower yields on cash investments. Also, 2002 results include a non-recurring gain of \$169,000 resulting from the sale of air rights.

Interest and debt expense was \$22,888,000 in 2002, compared to \$22,469,000 in 2001, an increase of \$419,000. This increase primarily resulted from (i) higher average debt in 2002, partially offset by (ii) a reduction in average interest rates from 9.20% to 8.23% and (iii) higher capitalized interest in 2002 for the Lexington Avenue property (interest of \$23,788,000 was capitalized in 2002, as compared to \$19,259,000 in 2001).

LIQUIDITY AND CAPITAL RESOURCES

In the aggregate, Alexander's operating properties do not generate sufficient cash flow to pay all of its expenses. After the completion of the Lexington Avenue property, which is expected in 2005, the Company expects that cash flow will become positive.

Development Projects

LEXINGTON AVENUE

The development at Lexington Avenue consists of an approximately 1.3 million square foot multi-use building. The building will contain approximately 885,000 net rentable square feet of office space, approximately 171,000 net rentable square feet of retail space and approximately 248,000 net saleable square feet of residential space consisting of condominium units (through a TRS). Of the construction budget of \$630,000,000 (which excludes \$29,000,000 for development and guarantee fees to Vornado), \$402,000,000 has been expended through December 31, 2003 and an additional \$62,200,000 has been committed to at December 31, 2003. Construction is expected to be completed in 2005.

On May 1, 2001, the Company entered into a triple-net lease with Bloomberg L.P. for approximately 695,000 square feet of office space at the Lexington Avenue property (the "Bloomberg Space"). The initial term of the lease is 25 years with a ten-year renewal option. Base annual net rent is \$34,529,000 in each of the first four years and \$38,533,000 in the fifth year with a similar percentage increase each four years thereafter. On November 15, 2003, the Company delivered approximately 87% of the space. Accordingly, the Company transferred approximately \$195,000,000 from "Construction in progress" to "Land" and "Buildings, leaseholds and leasehold improvements" in the year ended December 31, 2003. As of February 9, 2004, all of the Bloomberg Space has been delivered. Payment of base rent commences nine months from delivery of each parcel of space; rent recognition commenced from delivery of space.

At December 31, 2003, 115,000 square feet of retail space has been leased, of which The Home Depot and Hennes & Mauritz have leased 83,000 and 27,000 square feet, respectively. The Company expects to deliver the leased space in 2004. Payment of base rent commences six to nine months from delivery of each space; rent recognition commences on delivery of space.

The residential space is comprised of 105 condominium units. The original offering plan filed for these units, as amended for price increases through December 31, 2003, would produce (inclusive of the value of existing contracts) an aggregate sale price of \$457,000,000. As of December 31, 2003, the Company has received deposits of \$10,425,000 on sales of the condominium units.

Financing of the Project

On February 13, 2004, the Company completed a \$400,000,000 mortgage financing on the office space. The loan was placed by German American Capital Corporation, an affiliate of Deutsche Bank. The loan bears interest at 5.33%, matures in February 2014 and beginning in the third year, provides for principal payments based on a 25-year amortization schedule such that over the remaining eight years of the loan, ten years of amortization will be paid. \$253,529,000 of the loan proceeds was used to repay the entire amount outstanding under the previously existing construction loan (the "Construction Loan") with Hypo Real Estate Capital Corporation.

The Construction Loan was modified so that the remaining availability is \$237,000,000, which is approximately the amount estimated to complete the Lexington Avenue development project (not including \$29,000,000 for development and guarantee fees to Vornado). The interest rate of the Construction Loan of LIBOR plus 2.5% (3.64%

at December 31, 2003) and the maturity date of January 2006, with two one-year extensions, were not changed. The collateral for the Construction Loan is the same except that the office space has been removed from the lien. Further, the Construction Loan permits the release of the retail space for a payment of \$15 million and requires all proceeds from the sale of the residential condominium units to be applied to the Construction Loan balance until it is finally repaid. Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the Lexington Avenue project and funding of project costs in excess of a stated loan budget, if not funded by the Company (the "Completion Guarantee"). If Vornado should advance any funds under the Completion Guarantee in excess of \$21,000,000, which is the amount currently available under the line of credit with Vornado, interest on those advances would be at 15% per annum.

There can be no assurance that the Lexington Avenue project will be completed on time or completed for the budgeted amount. Any failure to complete the Lexington Avenue project on time or within budget may adversely affect future cash flows and funds from operations, and the Company's financial condition.

KINGS PLAZA

The Company plans to construct a two-story freestanding building adjacent to the Mall of approximately 200,000 square feet. The first story of approximately 120,000 square feet will be operated as a Lowe's Home Improvement Warehouse ("Lowe's"). The Lowe's lease is expected to commence in 2006. The cost of the project will be approximately \$13 to 15 million, net of the Lowe's reimbursement and before reimbursement, if any, from the second story tenant(s). There can be no assurance that this project will be completed, completed on time or completed for the budgeted amount.

REGO PARK II

The Company is considering the development of two projects at its Rego Park II property. One project is a mixed-use, three-level development containing approximately 500,000 square feet of retail space, a multi-level parking garage and up to 450,000 square feet of residential space. This project is subject to governmental approvals. The other project consists of two retail buildings containing approximately 80,000 square feet. It is anticipated that neither of these projects will commence prior to 2005. There can be no assurance that these development projects will be completed, completed on time or completed for the budgeted amount.

Relationship with Vornado Realty Trust

The Company is managed, and its properties are leased, by Vornado pursuant to management, leasing and development agreements with one-year terms, expiring in March of each year, which are automatically renewable. In conjunction with the original closing of the Lexington Avenue Construction Loan on July 3, 2002, these agreements were bifurcated to cover the Company's Lexington Avenue property separately. Further, the management and development agreements with Vornado for the Lexington Avenue property were amended to provide for a term lasting until substantial completion of the property with automatic renewals, and for the payment of the Lexington Avenue development fee upon the earlier of January 3, 2006 or the repayment finally of the Construction Loan encumbering the property. The \$6,300,000 estimated fee payable by the Company to Vornado for the Completion Guarantee is 1% of construction costs, as defined, and is due at the same time that the development fee is due. The development fee is estimated to be \$26,300,000.

The annual fees payable by the Company to Vornado consist of (i) an annual management fee of \$3,000,000 plus 3% of the gross income from the Kings Plaza Mall, (ii) a development fee equal to 6% of development costs, as defined, with minimum guaranteed fees of \$750,000 per annum, and (iii) a leasing fee. The leasing fee to Vornado is equal to (a) 3% of the gross proceeds, as defined, from the sale of an asset and (b) in the event of a lease or sublease of an asset, 3% of lease rent for the first ten years of a lease term, 2% of lease rent for the eleventh through the twentieth years of a lease term, and 1% of lease rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. Such amounts are payable annually in an amount not to exceed \$2,500,000, until the present value of such installments, calculated at a discount rate of 9% per annum, equals the amount that would have been paid had they been paid at the time the transactions which gave rise to the commissions occurred. Pursuant to the leasing agreement, in the event third party real estate brokers are used, the fees to Vornado increase by 1%. Vornado is responsible for the fees to the third party real estate brokers, except in connection with the Bloomberg L.P. Lease, where the tenant paid the third party broker directly. At December 31, 2003, the Company owed Vornado (A) \$14,810,000 in development fees, (B) \$14,586,000 in leasing fees, (C) \$3,898,000 for the guarantee fee, (D) \$741,000 in interest, and (E) \$392,000 in management fees and other costs.

The following table shows the amounts incurred under the management, leasing and development agreements.

(amounts in thousands)	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Management fee.....	\$ 3,635	\$ 3,602	\$ 3,522
Development fee, guarantee fee and rent for development office.....	10,292	10,769	1,855
Leasing and other fees.....	3,722	3,056	3,984
	-----	-----	-----
	\$ 17,649	\$ 17,427	\$ 9,361
	=====	=====	=====

At December 31, 2003, in addition to the fees and costs described above, the Company was indebted to Vornado in the amount of \$124,000,000 (see "Debt and Contractual Obligations").

Leases

The Company leases space to tenants in retail centers and an office building. The rental terms range from approximately five to 25 years. The leases provide for the payment of fixed base rents payable monthly in advance as well as reimbursements of real estate taxes, insurance and maintenance costs. Retail leases also provide for the payment by the lessee of additional rents based on a percentage of their sales.

Future base rental revenue under these non-cancelable operating leases (other than leases which have not commenced, including The Home Depot and Hennes & Mauritz leases) is as follows:

(amounts in thousands)

Year Ending December 31,	
2004.....	\$ 54,380
2005.....	86,044
2006.....	86,336
2007.....	83,224
2008.....	86,927
Thereafter.....	1,632,863

On May 1, 2001, the Company entered into a triple-net lease with Bloomberg L.P. for the Bloomberg Space. The initial term of the lease is 25 years with a ten-year renewal option. Base annual net rent is \$34,529,000 in each of the first four years and \$38,533,000 in the fifth year with a similar percentage increase each four years thereafter. On November 15, 2003, the Company delivered approximately 87% of the Bloomberg Space. As of February 9, 2004, all of the Bloomberg Space has been delivered. Payment of base rent commences nine months from delivery of each parcel of space; rent recognition commenced from delivery of space.

Dispositions of Properties

Flushing Property

On May 30, 2002, the Company entered into an agreement to sell its subsidiary which owns the building and has the ground lease for its property in Flushing, New York for \$18,750,000. The Company received a non-refundable deposit of \$1,875,000 from the purchaser. By Notice of Default dated August 16, 2002, the landlord of the premises notified the Company of certain alleged defaults under the lease including, but not limited to, the fact that the purchaser performed unauthorized construction at the premises. The Company commenced an action against the landlord for injunctive relief and a declaration of the rights and obligations of the parties under the lease. The Company has obtained an injunction, which temporarily restrains the landlord from terminating the lease. On September 6, 2002, the scheduled closing date, the Company notified the purchaser that it failed to close and is in default of its obligations under the purchase contract. Since the purchaser has not met its obligations under the purchase contract, the Company recognized \$1,289,000 as income, representing the non-refundable deposit of \$1,875,000, net of \$586,000 for costs associated with this transaction. This income is included in "Interest and other income, net" in the Company's consolidated statement of operations for the year ended December 31, 2003.

Insurance

The Company carries comprehensive liability and all-risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets but is at risk for financial loss in excess of the policies' limits. Such a loss could be material.

The Company's all-risk insurance policies in effect before September 11, 2001 did not expressly exclude coverage for hostile acts, except acts of war. Since September 11, 2001, but prior to the enactment of the Terrorism Risk Insurance Act of 2002, insurance companies had, for the most part, excluded terrorist acts from coverage in all-risk policies. The Company was generally unable to obtain all-risk insurance that includes coverage for terrorist acts for policies renewed during that period.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments, allowing the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it may adversely affect the Company's ability to finance and/or refinance its properties and businesses, including the construction of the Lexington Avenue development property.

On November 26, 2002, the Terrorism Risk Insurance Act of 2002 was signed into law. Under this new legislation, through 2004 (with a possible extension through 2005), regulated insurers must offer coverage in their commercial property and casualty policies (including existing policies) for losses resulting from defined "acts of terrorism." As a result of the legislation, in June 2003, the Company obtained \$500,000,000 of coverage per occurrence for certified terrorist acts, as defined in the legislation, and \$150,000,000 per occurrence for non-certified acts. In addition, on February 13, 2004, the Company increased the builders' risk insurance coverage for its Lexington Avenue project, which includes full coverage for certified terrorist acts, per occurrence, and \$200,000,000 for non-certified acts, per occurrence. Therefore, the Company is at risk for financial loss in excess of these limits for terrorist acts, as defined by the policies and the legislation. Such loss could be material. Prior to June 2003, the Company had \$200,000,000 of separate aggregate coverage for terrorist acts.

Debt and Contractual Obligations

Below is a summary of the Company's properties and their encumbrances at December 31, 2003:

(amounts in thousands except interest rates)

	BALANCE	INTEREST RATE	MATURITY
Lexington Avenue.....	\$ 240,899	3.64% (1)	Jan. 2006
Kings Plaza.....	216,586	7.46%	June 2011
Rego Park I.....	82,000	7.25%	June 2009
Paramus.....	68,000	5.92%	Oct. 2011
Rego Park II (raw land).....	--	N/A	N/A
Flushing (leasehold interest)..	--	N/A	N/A
Loans with Vornado(2).....	124,000	12.48% (1)	Jan. 2006

	\$ 731,485		
	=====		

(1) These loans bear interest at a variable rate. The rate shown is as of December 31, 2003.

(2) At December 31, 2003, the Company was indebted to Vornado in the amount of \$124,000, comprised of (i) a \$95,000 note and (ii) \$29,000 under a \$50,000 line of credit (which carries a 1% unused commitment fee). The current interest rate on the loan and line of credit is 12.48% and resets quarterly, using a 9.48% spread to a one-year treasury with a 3% floor for treasuries. On July 3, 2002, in conjunction with the original closing of the Construction Loan, the maturity of the Vornado debt was extended to the earlier of January 3, 2006 or the date the Construction Loan is finally repaid.

On February 13, 2004, the Company completed a \$400,000,000 mortgage financing on the office space at the Lexington Avenue project. The loan bears interest at 5.33%, matures in February 2014 and beginning in the third year, provides for principal payments based on a 25-year amortization schedule such that over the remaining eight years of the loan, ten years of amortization will be paid. \$253,529,000 of the loan proceeds was used to repay the entire amount outstanding under the previously existing Construction Loan. The Construction Loan was modified so that, among

other things, the remaining availability is \$237,000,000 which is approximately the amount estimated to complete the Lexington Avenue development project (not including \$29,000,000 for development and guarantee fees to Vornado).

Below is a summary of the Company's contractual obligations at December 31, 2003.

(amounts in thousands)

	Total	Less than One Year	One to Two Years	Three to Five Years	More than Five Years
Contractual obligations					
Long-term debt obligations(1).....	\$ 731,485	\$ 3,226	\$ 372,992	\$ 8,833	\$ 346,434
Operating lease obligations.....	6,095	416	832	631	4,216
Other obligations(2).....	105,650	64,700(2)	31,500(3)	2,500	6,950
	\$ 843,230	\$ 68,342	\$ 405,324	\$ 11,964	\$ 357,600
Commitments					
Standby letters of credit.....	\$ 4,130	\$ 4,130	\$ --	\$ --	\$ --

(1) The contractual payments under long-term debt obligations shown on a pro forma basis for the effect of the \$400,000 financing are as follows:

(amounts in thousands)

	Total	Less than One Year	One to Two Years	Three to Five Years	More than Five Years
Long-term debt obligations.....	\$ 890,586	\$ 3,226	\$ 138,862	\$ 28,428	\$ 720,070

(2) Of the construction budget for the Lexington Avenue project of \$630,000 (which excludes \$29,000 for development and guarantee fees to Vornado), \$402,000 has been expended through December 31, 2003 and an additional \$62,200 has been committed to at December 31, 2003.

(3) This amount primarily represents the estimated development and guarantee fees due to Vornado for the Lexington Avenue project. These fees are to be paid upon the earlier of January 3, 2006 or the payment in full of the Construction Loan encumbering the property.

Stock Appreciation Rights

As of December 31, 2003, 850,000 SARs were outstanding and exercisable at a weighted-average exercise price of \$71.82. The agreements for these SARs require that they be settled in cash. Had the holders of these SARs chosen to exercise their rights as of December 31, 2003, the Company would have had to pay \$44,917,000 in cash. Further appreciation in the Alexander's, Inc. stock price from the closing stock price of \$124.66 at December 31, 2003 will increase the cash the Company would have to pay upon exercise and may impact liquidity by requiring the Company to secure additional borrowings to replace such a cash outflow.

CASH FLOWS

Year Ended December 31, 2003

Net cash provided by operating activities of \$7,023,000 was comprised of

(i) non-cash items of \$4,568,000 and (ii) the net change in operating assets and liabilities of \$20,197,000, partially offset by (iii) a net loss of \$17,742,000. The adjustments for non-cash items include depreciation and amortization of \$11,310,000, partially offset by the effect of straight-lining of rental income of \$6,742,000.

Net cash used in investing activities of \$218,604,000 was largely comprised of capital expenditures of \$215,158,000. The capital expenditures are primarily related to the Lexington Avenue development project.

Net cash provided by financing activities of \$187,678,000 resulted from borrowings of \$190,399,000, mainly to fund expenditures for the Lexington Avenue development project, offset by debt repayments of \$2,721,000.

Year Ended December 31, 2002

Net cash provided by operating activities of \$7,643,000 was comprised of

(i) net income of \$23,584,000, partially offset by (ii) non-cash items of \$4,600,000 and (iii) the net change in operating assets and liabilities of

\$11,341,000. The adjustments for non-cash items include (a) the gain on the sale of the Third Avenue property of

\$10,366,000, (b) the effect of straight-lining of rental income of \$3,099,000 and (c) the gain on the sale of air rights of \$169,000, partially offset by depreciation and amortization of \$9,034,000.

Net cash used in investing activities of \$114,028,000 (includes cash provided by discontinued operations of \$13,176,000) was largely comprised of capital expenditures of \$133,250,000, partially offset by the proceeds from the sale of the Third Avenue property of \$13,176,000. The capital expenditures were primarily related to the Lexington Avenue development project.

Net cash provided by financing activities of \$16,366,000 resulted mainly from debt proceeds of \$55,500,000, partially offset by debt repayments of \$27,524,000 and debt issuance costs of \$11,110,000.

Year Ended December 31, 2001

Net cash provided by operating activities of \$9,839,000 was comprised of (i) income from continuing and discontinued operations of \$8,360,000 and (ii) non-cash items of \$6,378,000, partially offset by the net change in operating assets and liabilities of \$4,899,000. The adjustments for non-cash items include

(a) the write off of architectural and engineering costs of \$3,058,000 associated with the development plans for the Paramus property prior to the IKEA Property, Inc. ground lease, (b) the write off of professional fees of \$2,030,000 resulting from the termination of the spin-off of Alexander's Tower LLC and (c) depreciation and amortization of \$7,973,000, partially offset by (d) a gain from early extinguishment of debt of \$3,534,000 and (e) the effect of straight-lining of rental income of \$3,149,000.

Net cash used in investing activities of \$22,995,000 was comprised of

(i) capital expenditures of \$48,490,000 and (ii) an increase in restricted cash of \$19,876,000, partially offset by (iii) net proceeds from the sale of the Fordham Road property of \$23,701,000 and (iv) the release of restricted cash of \$21,670,000. The capital expenditures were primarily comprised of (a) capitalized interest and other carrying costs of \$21,378,000, (b) renovations to the Kings Plaza Regional Shopping Center of \$3,651,000 and (c) excavation, foundation and predevelopment costs at Lexington Avenue of \$21,599,000.

Net cash provided by financing activities of \$146,142,000 was comprised of (i) proceeds from the issuance of debt of \$300,685,000, partially offset by (ii) the repayment of debt of \$149,337,000 and (iii) debt issuance costs of \$5,206,000.

FUNDS FROM OPERATIONS ("FFO") FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

FFO was a negative \$10,245,000 in the year ended December 31, 2003, compared to FFO of \$19,921,000 in the year ended December 31, 2002, a decrease of \$30,166,000. FFO for the year ended December 31, 2003 includes (i) accrued compensation expense for SARs of \$44,917,000, based on the Company's closing stock price of \$124.66 at December 31, 2003, (ii) \$1,289,000 resulting from the recognition as income of the non-refundable deposit from the planned sale of the Flushing property of \$1,875,000, net of \$586,000 for costs associated with this transaction and (iii) income from discontinued operations of \$1,206,000 representing the reversal of previously accrued contingent liabilities. Effective with the Company's filing of its 2003 first quarter Form 10-Q, the Company revised its definition of FFO to include the effect of straight-lining of rents and exclude the effect of leasing fees paid directly to Vornado in excess of the expense recognized. This change was made in order to comply with the Securities and Exchange Commission's Regulation G concerning non-GAAP financial measures, to adhere to the National Association of Real Estate Investment Trust's ("NAREIT") definition of FFO and to disclose FFO on a comparable basis with the vast majority of other companies in the industry. FFO for the year ended December 31, 2002 has been restated for comparability. Straight-lining of rents amounted to \$6,742,000, or \$1.35 per share, and \$3,099,000, or \$0.62 per share, for the years ended December 31, 2003 and 2002, respectively. Leasing fees paid in excess of the expense recognized amounted to \$2,387,000, or \$0.48 per share, and \$2,189,000, or \$0.44 per share, for the years ended December 31, 2003 and 2002, respectively. Such amounts are included in reported FFO described above.

The following table reconciles net (loss) income to FFO.

(amounts in thousands except per share amounts)

	FOR THE YEAR ENDED DECEMBER 31,	
	2003	2002
Net (loss) income.....	\$ (17,742)	\$ 23,584
Depreciation of real property (including \$35 from discontinued operations in 2002).....	7,497	6,703
Gain on sale of Third Avenue property.....	--	(10,366)
FFO	\$ (10,245)	\$ 19,921
FFO per common share - basic and diluted.....	\$ (2.05)	\$ 3.98

FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and is not necessarily indicative of cash available to fund cash needs, which is disclosed in the consolidated statements of cash flows for the applicable periods. There are no material legal or functional restrictions on the use of FFO. FFO should not be considered as an alternative to net (loss) income as an indicator of the Company's operating performance. Management considers FFO a relevant supplemental measure of operating performance because it provides a basis for comparison among REITs. FFO is computed in accordance with NAREIT's standards, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with NAREIT's definition or that interpret NAREIT's definition differently.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following table summarizes the Company's exposure to a change in interest rates.

(amounts in thousands except per share amounts)

	DECEMBER 31, 2003 BALANCE	WEIGHTED-AVERAGE INTEREST RATE	EFFECT OF CHANGE IN BASE RATES OF 1%
Variable rate.....	\$ 364,899	6.64%	\$ 3,649
Fixed rate.....	366,586	7.13%	--
	731,485		3,649
Total effect on the Company's annual net earning per share - diluted.....			\$ 0.73

The fair value of the Company's debt, estimated by discounting the future cash flows using the current rates available to borrowers with similar credit ratings for the remaining terms of such debt, exceeds the aggregate carrying amount by approximately \$14,631,000 at December 31, 2003. Such fair value estimates are not necessarily indicative of the amounts that would be paid upon liquidation of the Company's debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures - The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control over Financial Reporting - There have not been any changes in the Company's internal control over financial reporting during the fourth quarter of the fiscal year to which this Annual Report on Form 10-K relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders of Alexander's, Inc. Paramus, New Jersey

We have audited the accompanying consolidated balance sheets of Alexander's, Inc. and Subsidiaries (the "Company") as of December 31, 2003 and 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedules listed in the index at Item 15(a)(2). These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 7 to the consolidated financial statements, the Company has changed its presentation of the consolidated financial statements to conform to Statement of Financial Accounting Standards No. 144.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 2, 2004

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(amounts in thousands except share and per share amounts)

	DECEMBER 31,	
	2003	2002
ASSETS		
Real estate, at cost:		
Land.....	\$ 91,928	\$ 90,768
Buildings, leaseholds and leasehold improvements.....	371,353	176,581
Construction in progress (including fees to Vornado of \$23,197 and \$13,325).....	355,015	315,781
Air rights acquired for Lexington Avenue development project.....	17,531	17,531
	835,827	600,661
Total.....		
Accumulated depreciation and amortization.....	(62,744)	(57,686)
	773,083	542,975
Real estate, net.....		
Cash and cash equivalents.....	21,336	45,239
Escrow deposits and restricted cash.....	16,291	2,425
Accounts receivable, net of allowance for doubtful accounts of \$55 and \$96.....	3,101	2,508
Receivable arising from the straight-lining of rents.....	27,412	20,670
Deferred lease and other property costs (including unamortized leasing fees to Vornado of \$31,021 and \$14,837), net.....	61,594	27,765
Deferred debt expense, net.....	10,806	14,619
Other assets.....	7,373	8,711
	\$ 920,996	\$ 664,912
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt (including \$124,000 and \$119,000 due to Vornado).....	\$ 731,485	\$ 543,807
Amounts due to Vornado.....	34,427	11,294
Accounts payable and accrued expenses.....	47,402	36,895
Liability for stock appreciation rights.....	44,917	--
Other liabilities.....	11,842	4,251
	870,073	596,247
TOTAL LIABILITIES		
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock: \$1.00 par value per share; authorized, 3,000,000 shares; issued, none.....	--	--
Common stock: \$1.00 par value per share; authorized, 10,000,000 shares; issued, 5,173,450 shares.....	5,174	5,174
Additional capital.....	24,843	24,843
Retained earnings.....	21,866	39,608
	51,883	69,625
Treasury shares: 172,600 shares at cost.....	(960)	(960)
	50,923	68,665
Total stockholders' equity.....		
	\$ 920,996	\$ 664,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands except per share amounts)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
REVENUES			
Property rentals.....	\$ 56,785	\$ 50,630	\$ 44,560
Expense reimbursements.....	30,377	26,170	23,232
Total revenues.....	87,162	76,800	67,792
EXPENSES			
Operating (including management fees to Vornado of \$1,475, \$1,442 and \$1,362).....	37,984	33,042	29,265
Write off of architectural and engineering costs associated with development plans for Paramus prior to IKEA ground lease.....	--	--	3,058
General and administrative (including management fees to Vornado of \$2,160 in each year)	48,921	3,980	3,836
Depreciation and amortization.....	7,497	6,668	6,442
Total expenses.....	94,402	43,690	42,601
OPERATING (LOSS) INCOME.....	(7,240)	33,110	25,191
Interest and other income, net.....	1,983	2,178	3,237
Interest and debt expense (including interest on loans from Vornado).....	(13,691)	(22,888)	(22,469)
Gain on early extinguishment of debt.....	--	--	3,534
Write off of professional fees resulting from termination of spin-off of Alexander's Tower LLC.....	--	--	(2,030)
Minority interest.....	--	--	(49)
(Loss) income from continuing operations.....	(18,948)	12,400	7,414
Income from discontinued operations.....	1,206	11,184	946
(Loss) income before gain on sale of Fordham Road property.....	(17,742)	23,584	8,360
Gain on sale of Fordham Road property.....	--	--	19,026
NET (LOSS) INCOME.....	\$ (17,742)	\$ 23,584	\$ 27,386
Net (loss) income per common share (basic and diluted):			
(Loss) income from continuing operations.....	\$ (3.79)	\$ 2.48	\$ 1.48
Income from discontinued operations.....	0.24	2.24	0.19
Gain on sale of Fordham Road property.....	--	--	3.81
Net (loss) income.....	\$ (3.55)	\$ 4.72	\$ 5.48

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands)

	COMMON STOCK	ADDITIONAL CAPITAL	RETAINED (DEFICIT) EARNINGS	TREASURY SHARES	STOCKHOLDERS' EQUITY
Balance, January 1, 2001.....	\$ 5,174	\$ 24,843	\$ (11,362)	\$ (960)	\$ 17,695
Net income.....	--	--	27,386	--	27,386
Balance, December 31, 2001.....	5,174	24,843	16,024	(960)	45,081
Net income.....	--	--	23,584	--	23,584
Balance, December 31, 2002.....	5,174	24,843	39,608	(960)	68,665
Net loss.....	--	--	(17,742)	--	(17,742)
Balance, December 31, 2003.....	\$ 5,174	\$ 24,843	\$ 21,866	\$ (960)	\$ 50,923

See notes to consolidated financial statements

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) income from continuing operations.....	\$ (18,948)	\$ 12,400	\$ 7,414
Adjustments to reconcile (loss) income from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization (including debt issuance costs).....	11,310	8,999	7,907
Straight-lining of rental income.....	(6,742)	(3,099)	(3,149)
Gain on sale of air rights.....	--	(169)	--
Gain on early extinguishment of debt.....	--	--	(3,534)
Write off of architectural and engineering costs associated with development plans for Paramus prior to IKEA ground lease.....	--	--	3,058
Write off of professional fees resulting from termination of spin-off of Alexander's Tower LLC.....	--	--	2,030
Change in operating assets and liabilities:			
Accounts receivable, net.....	(593)	(974)	189
Amounts due to Vornado.....	14,012	(3,115)	3,555
Accounts payable and accrued expenses.....	(379)	(2,845)	348
Other liabilities.....	11,192	(789)	932
Other.....	(2,829)	(3,618)	(9,923)
Net cash provided by continuing operations.....	7,023	6,790	8,827
Income from discontinued operations.....	1,206	11,184	946
Depreciation and amortization.....	--	35	66
Change in other liabilities.....	(1,206)	--	--
Gain on sale of Third Avenue property.....	--	(10,366)	--
Net cash provided by discontinued operations.....	--	853	1,012
Net cash provided by operating activities.....	7,023	7,643	9,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows from continuing operations:			
Additions to real estate.....	(215,158)	(133,250)	(48,490)
Restricted cash made available for construction financing.....	--	--	8,388
Restricted cash made available for operating liabilities.....	10,657	13,574	13,282
Cash restricted for operating liabilities.....	(14,103)	(9,403)	(19,876)
Deposit on sale of Flushing property.....	--	1,875	--
Net proceeds from sale of Fordham Road property.....	--	--	23,701
Net cash used in continuing operations.....	(218,604)	(127,204)	(22,995)
Cash flows from discontinued operations:			
Net proceeds from sale of Third Avenue property.....	--	13,176	--
Net cash used in investing activities.....	(218,604)	(114,028)	(22,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings (including \$5,000, \$0 and \$4,000 from Vornado).....	190,399	55,500	300,685
Repayments of borrowings.....	(2,721)	(27,524)	(149,337)
Deferred debt expense.....	--	(11,110)	(5,206)
Payment of acquisition obligation.....	--	(500)	--
Net cash provided by financing activities.....	187,678	16,366	146,142
Net (decrease) increase in cash and cash equivalents.....	(23,903)	(90,019)	132,986
Cash and cash equivalents at beginning of year.....	45,239	135,258	2,272
Cash and cash equivalents at end of year.....	\$ 21,336	\$ 45,239	\$ 135,258
SUPPLEMENTAL INFORMATION			
Cash payments for interest (of which \$37,516, \$23,788 and \$19,259 have been capitalized).....	\$ 46,861	\$ 45,818	\$ 38,793

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Alexander's, Inc. (the "Company") is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping properties. Alexander's activities are conducted through its manager, Vornado Realty Trust ("Vornado").

Alexander's has six properties in the greater New York City metropolitan area consisting of:

Operating properties

(i) the Kings Plaza Regional Shopping Center, located on Flatbush Avenue in Brooklyn, New York, which contains 1,098,000 square feet and is comprised of a two-level mall containing 470,000 square feet, a 289,000 square foot department store leased to Sears and another anchor department store owned and operated as a Macy's by Federated Department Stores, Inc.;

(ii) the Rego Park I property, located on Queens Boulevard and 63rd Road in Queens, New York, which contains a 351,000 square foot building that is 100% leased to Sears, Circuit City, Bed Bath & Beyond, Marshalls and Old Navy;

(iii) the Paramus property, which consists of 30.3 acres of land located at the intersection of Routes 4 and 17 in Paramus, New Jersey, which is leased to IKEA Property, Inc; and

(iv) the Flushing property, located at Roosevelt Avenue and Main Street in Flushing, New York, which contains a 177,000 square foot building that is currently vacant;

Property under development

(v) the Lexington Avenue development property, which comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan, New York; and

Property to be developed

(vi) the Rego Park II property, which comprises one and one-half square blocks of vacant land adjacent to the Rego Park I property.

In the aggregate, Alexander's operating properties do not generate sufficient cash flow to pay all of its expenses. After the completion of the Lexington Avenue property, which is expected in 2005, the Company expects that cash flow will become positive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant intercompany amounts have been eliminated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The Company currently operates in one business segment.

Real Estate - Real estate is carried at cost, net of accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the assets' estimated useful lives, which range from seven to 50 years. Betterments, significant renewals and certain costs directly related to the acquisition, improvement and leasing of real estate are capitalized. Maintenance and repairs are charged to operations as incurred. As real estate is undergoing development activities, all property operating expenses, including interest expense, are capitalized to the cost of the real property to the extent that management believes such costs are recoverable through the value of the property.

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The Company's properties are reviewed for impairment if events or circumstances change indicating that the carrying amount of the property may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future on an undiscounted basis to the carrying amount of the property. The carrying amount of an asset would be adjusted, if necessary, to reflect an impairment in the value of the asset.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid investments purchased with original maturities of three months or less. Cash and cash equivalents do not include deposits received on sales of condominium units at the Lexington Avenue property or cash restricted under financing arrangements. Such cash is reflected on the consolidated balance sheets as "Escrow deposits and restricted cash."

Allowance for Doubtful Accounts - The Company periodically evaluates the collectibility of amounts due from tenants and maintains an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under their leases. Management exercises judgment in establishing these allowances, considering payment history and current credit status to develop these estimates.

Deferred Charges - Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest and debt expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis, which approximates the effective interest rate method, in accordance with the terms of the agreements to which they relate.

Fair Value of Financial Instruments - The fair value of the Company's debt, estimated by discounting the future cash flows using the current rates available to borrowers with similar credit ratings for the remaining terms of such debt, exceeds the aggregate carrying amount by approximately \$14,631,000 at December 31, 2003. Such fair value estimates are not necessarily indicative of the amounts that would be paid upon liquidation of the Company's debt.

Revenue Recognition - The Company has the following revenue sources and revenue recognition policies:

Base rent (revenue arising from tenant leases) - These rents are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and free rent abatements under the leases.

Percentage Rents (revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds) - These rents are recognized in accordance with Staff Accounting Bulletin No. 104, Revenue Recognition, which states that this contingent revenue is only to be recognized after the contingency has been removed (i.e., the sales threshold has been achieved).

Expense Reimbursements (revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties) - This revenue is accrued in the same periods as the expenses are incurred.

Condominium Sales (income arising from the sales of condominium units at the Lexington Avenue property) - Income on deposits received for sales of condominium units has been deferred in accordance with the deposit method of Statement of Financial Accounting Standards ("SFAS") No. 66, Accounting for Sales of Real Estate.

Income Taxes - The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). Under the Code, the Company's net operating loss carryovers ("NOLs") generally would be available to offset the amount of the Company's REIT taxable income that would otherwise be required to be distributed as dividends to its stockholders.

At December 31, 2003, the Company has reported NOLs for federal tax purposes of approximately \$64,518,000, expiring from 2007 to 2015. The Company also has investment and targeted jobs tax credits of approximately \$2,800,000 expiring from 2008 to 2014.

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The following table reconciles net (loss) income to REIT taxable income for the years ended December 31, 2003, 2002 and 2001.

(amounts in thousands)	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Net (loss) income.....	\$ (17,742)	\$ 23,584	\$ 27,386
Straight-line rent adjustments.....	(6,668)	(2,953)	(3,002)
Depreciation and amortization timing differences.....	2,859	2,985	2,625
Differences on gain of sale of assets.....	--	1,345	16,026
Interest expense.....	(2,837)	(2,972)	(6,515)
Stock appreciation rights compensation expense.....	44,917	--	--
Interest income.....	10,439	--	--
Other.....	(1,422)	988	(1,181)
	29,546	22,977	35,339
Taxable income.....	29,546	22,977	35,339
NOL carry forward beginning balance.....	(94,064)	(117,041)	(152,380)
	\$ (64,518)	\$ (94,064)	\$ (117,041)
NOL carry forward ending balance.....	\$ (64,518)	\$ (94,064)	\$ (117,041)

The net basis of the Company's assets and liabilities for tax purposes is approximately \$51,000,000 lower than the amount reported for financial statement purposes.

The Company has elected to treat its wholly owned subsidiary, 731 Residential LLC ("Residential"), as a taxable REIT subsidiary ("TRS"). A TRS is subject to income tax at regular corporate tax rates. The Company's NOLs will not be available to offset taxable income of Residential. Residential owns the assets comprising the residential condominium units at the Company's Lexington Avenue project. Residential paid no income taxes in the years ended December 31, 2003, 2002 and 2001. Residential's net basis in its assets and liabilities for tax purposes approximates their basis for financial reporting purposes.

Amounts Per Share - Basic earnings per share are computed based on weighted - average shares outstanding. Diluted earnings per share consider the effect of outstanding stock options.

Stock Options - The Company accounts for stock-based compensation using the intrinsic value method. Under the intrinsic value method, compensation cost is measured as the excess, if any, of the quoted market price of the Company's common stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted market price of the Company's common stock on the grant date. Accordingly, no compensation expense has been recognized for the Company's stock options.

If compensation cost for stock option awards had been determined based on the fair values at the grant dates, net (loss) income and net (loss) income per share would have been the pro forma amounts shown below in the years ended December 31, 2003, 2002 and 2001.

(amounts in thousands except per share amounts)	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Net (loss) income:			
As reported.....	\$ (17,742)	\$ 23,584	\$ 27,386
Less: stock - based compensation expense determined under fair value method.....	--	384	1,535
Pro forma.....	\$ (17,742)	\$ 23,200	\$ 25,851
	\$ (3.55)	\$ 4.72	\$ 5.48
As reported.....	\$ (3.55)	\$ 4.72	\$ 5.48
Pro forma.....	\$ (3.55)	\$ 4.64	\$ 5.17

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123. SFAS No. 148

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provides alternative methods of transition for entities that voluntarily change to the fair value method of accounting for stock-based employee compensation in accordance with SFAS No. 123, Accounting for Stock-Based Compensation. As noted above, the Company continues to account for stock-based compensation using the intrinsic value method.

Stock Appreciation Rights - Stock appreciation rights ("SARs") are granted at 100% of the market price of the Company's common stock on the date of grant. SARs vest ratably, becoming fully vested 36 months after grant, and generate compensation expense measured by the excess of the stock price over the exercise price at the balance sheet date. On subsequent balance sheet dates, if the stock price falls, the previously recognized expense is reversed, but not below zero.

Recently Issued Accounting Standards - In April 2002, FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145 requires, among other things, that (i) the modification of a lease that results in a change of the classification of the lease from capital to operating under the provisions of SFAS No. 13, Accounting for Leases, be accounted for as a sale-leaseback transaction and (ii) the reporting of gains or losses from the early extinguishment of debt as extraordinary items only if they meet the criteria 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. The amendment of SFAS No. 13 had no impact on the Company's consolidated financial statements. As required by this statement, the Company reclassified the \$3,534,000 extraordinary gain in the year ended December 31, 2001 to "Gain on early extinguishment of debt."

3. RELATED PARTY TRANSACTIONS

Vornado Realty Trust

Vornado owned 33.1% of the Company's common stock as of December 31, 2003. Steven Roth is the Chief Executive Officer and a director of the Company, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board and Chief Executive Officer of Vornado. At December 31, 2003, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 27.5% of the outstanding common stock of the Company, in addition to the common stock owned directly by Vornado, and 11.7% of the outstanding common shares of beneficial interest of Vornado.

The Company is managed, and its properties are leased, by Vornado pursuant to management, leasing and development agreements with one-year terms, expiring in March of each year, which are automatically renewable. In conjunction with the original closing of the Lexington Avenue construction loan (the "Construction Loan") on July 3, 2002, these agreements were bifurcated to cover the Company's Lexington Avenue property separately. Further, the management and development agreements with Vornado for the Lexington Avenue property were amended to provide for a term lasting until substantial completion of the property with automatic renewals, and for the payment of the Lexington Avenue development fee upon the earlier of January 3, 2006 or the repayment fully of the Construction Loan encumbering the property.

Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the Lexington Avenue project and funding of project costs in excess of a stated loan budget, if not funded by the Company (the "Completion Guarantee"). The \$6,300,000 estimated fee payable by the Company to Vornado for the Completion Guarantee is 1% of construction costs, as defined, and is due at the same time that the development fee is due. This development fee is estimated to be \$26,300,000. In addition, if Vornado should advance any funds under the Completion Guarantee in excess of \$21,000,000, which is available at December 31, 2003 under the line of credit with Vornado (see Note 8), interest on those advances would be at 15% per annum.

The annual fees payable by the Company to Vornado consist of (i) an annual management fee of \$3,000,000 plus 3% of the gross income from the Kings Plaza Mall, (ii) a development fee equal to 6% of development costs, as defined, with minimum guaranteed fees of \$750,000 per annum, and (iii) a leasing fee. The leasing fee to Vornado is equal to (a) 3% of the gross proceeds, as defined, from the sale of an asset and (b) in the event of a lease or sublease of an asset, 3% of lease rent for the first ten years of a lease term, 2% of lease rent for the eleventh through the twentieth years of a lease term, and 1% of lease rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. Such amounts are payable annually in an amount not to exceed \$2,500,000, until the present value of such installments, calculated at a discount rate of 9% per annum, equals the amount that would have

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been paid had they been paid at the time the transactions which gave rise to the commissions occurred. Pursuant to the leasing agreement, in the event third party real estate brokers are used, the fees to Vornado increase by 1%. Vornado is responsible for the fees to the third party real estate brokers, except in connection with the Bloomberg L.P. Lease, where the tenant paid the third party broker directly. At December 31, 2003, the Company owed Vornado (A) \$14,810,000 in development fees, (B) \$14,586,000 in leasing fees, (C) \$3,898,000 for the guarantee fee, (D) \$741,000 in interest, and (E) \$392,000 in management fees and other costs.

The following table shows the amounts incurred under the management, leasing and development agreements.

(amounts in thousands)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Management fee.....	\$ 3,635	\$ 3,602	\$ 3,522
Development fee, guarantee fee and rent for development office.....	10,292	10,769	1,855
Leasing and other fees.....	3,722	3,056	3,984
	\$17,649	\$ 17,427	\$ 9,361

At December 31, 2003, in addition to the fees and costs described above, the Company was indebted to Vornado in the amount of \$124,000,000 (see Note 8). The Company incurred interest (including a 1% unused commitment fee on the line of credit) on this debt of \$15,633,000, \$15,547,000 and \$17,455,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

In July 2002, Alexander's Tower LLC, a wholly owned subsidiary of the Company, purchased 28,821 square feet of air rights from a joint venture developing a property at Lexington Avenue and 30th Street in Manhattan, and owned by Vornado and an unrelated third party (the "30th Street Venture") for a purchase price of \$3,459,000 (\$120 per square foot). The Company purchased these air rights in order to increase the amount of square footage that it could develop for the residential portion of its Lexington Avenue project to the maximum amount permitted for residential use by the New York City zoning code. The 30th Street Venture also identified third party buyers for an additional 28,111 square feet of air rights which it owned. These third party buyers desired to use the air rights for the development of two projects located in upper Manhattan in the general area of 86th Street. However, the air rights held by the 30th Street Venture could not be transferred to the applicable sites because they were not within the required geographical limited radius nor were they in the same Community Board District as the 30th Street Venture. The 30th Street Venture asked the Company to sell 28,111 square feet of its existing air rights to these third party buyers, who could use them; the 30th Street Venture would replace them with 28,111 square feet of the 30th Street Venture's air rights. In October 2002, the Company purchased 28,111 square feet of air rights from the 30th Street Venture in two transactions for an aggregate purchase price of \$3,058,000 (an average of \$109 per square foot). The Company then sold an equal amount of air rights it previously owned at the Lexington Avenue project to the third party buyers for a sales price of \$3,339,000, resulting in a gain of \$169,000. This gain is included in "Interest and other income, net" in the Company's 2002 consolidated statement of operations.

In connection with tax planning for the development of the Lexington Avenue property, 59th Street Corporation, a wholly owned subsidiary of the Company, sold 100 shares of preferred stock, \$0.01 par value, to Vornado in August 2001 for \$1,200,000. This non-convertible preferred stock entitled the holder to cumulative 10% dividends payable semi-annually and was redeemable at any time at the option of 59th Street Corporation. In December 2001, 59th Street Corporation redeemed this issue and paid a \$49,000 dividend.

Other

In the years ended December 31, 2003, 2002 and 2001, Winston & Strawn LLP, a law firm in which Neil Underberg, a director of the Company, is of counsel, performed legal services for the Company for which it was paid \$100,000, \$480,000 and \$648,000, respectively.

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4. LEXINGTON AVENUE PROJECT

The development at Lexington Avenue consists of an approximately 1.3 million square foot multi-use building. The building will contain approximately 885,000 net rentable square feet of office space, approximately 171,000 net rentable square feet of retail space and approximately 248,000 net saleable square feet of residential space consisting of condominium units (through a TRS). Of the construction budget of \$630,000,000 (which excludes \$29,000,000 for development and guarantee fees to Vornado), \$402,000,000 has been expended through December 31, 2003 and an additional \$62,200,000 has been committed to at December 31, 2003. Construction is expected to be completed in 2005.

On May 1, 2001, the Company entered into a triple-net lease with Bloomberg L.P. for approximately 695,000 square feet of office space at the Lexington Avenue property (the "Bloomberg Space"). The initial term of the lease is 25 years with a ten-year renewal option. Base annual net rent is \$34,529,000 in each of the first four years and \$38,533,000 in the fifth year with a similar percentage increase each four years thereafter. On November 15, 2003, the Company delivered approximately 87% of the space. Accordingly, the Company transferred approximately \$195,000,000 from "Construction in progress" to "Land" and "Buildings, leaseholds and leasehold improvements" in the year ended December 31, 2003. As of February 9, 2004, all of the Bloomberg Space has been delivered. Payment of base rent commences nine months from delivery of each parcel of space; rent recognition commenced from delivery of space.

At December 31, 2003, 115,000 square feet of retail space has been leased, of which The Home Depot and Hennes & Mauritz have leased 83,000 and 27,000 square feet, respectively. The Company expects to deliver the leased space in 2004. Payment of base rent commences six to nine months from delivery of each space; rent recognition commences on delivery of space.

The residential space is comprised of 105 condominium units. The original offering plan filed for these units, as amended for price increases through December 31, 2003, would produce (inclusive of the value of existing contracts) an aggregate sale price of \$457,000,000. As of December 31, 2003, the Company has received deposits of \$10,425,000 on sales of the condominium units.

Financing of the Project

On February 13, 2004, the Company completed a \$400,000,000 mortgage financing on the office space. The loan was placed by German American Capital Corporation, an affiliate of Deutsche Bank. The loan bears interest at 5.33%, matures in February 2014 and beginning in the third year, provides for principal payments based on a 25-year amortization schedule such that over the remaining eight years of the loan, ten years of amortization will be paid. \$253,529,000 of the loan proceeds was used to repay the entire amount outstanding under the previously existing the Construction Loan with Hypo Real Estate Capital Corporation.

The Construction Loan was modified so that the remaining availability is \$237,000,000, which is approximately the amount estimated to complete the Lexington Avenue development project (not including \$29,000,000 for development and guarantee fees to Vornado). The interest rate of the Construction Loan of LIBOR plus 2.5% (3.64% at December 31, 2003) and the maturity date of January 2006, with two one-year extensions, were not changed. The collateral for the Construction Loan is the same except that the office space has been removed from the lien. Further, the Construction Loan permits the release of the retail space for a payment of \$15 million and requires all proceeds from the sale of the residential condominium units to be applied to the Construction Loan balance until it is finally repaid. In connection with reducing the principal amount of the Construction Loan, the Company will write off \$3,050,000, the proportionate share of unamortized deferred financing costs, in the first quarter of 2004. Vornado has agreed to guarantee to the construction lender, the lien free, timely completion of the construction of the Lexington Avenue project and funding of project costs in excess of a stated loan budget, if not funded by the Company. If Vornado should advance any funds under the Completion Guarantee in excess of \$21,000,000, which is the amount currently available under the line of credit with Vornado, interest on those advances would be at 15% per annum.

There can be no assurance that the Lexington Avenue project will be completed on time or completed for the budgeted amount. Any failure to complete the Lexington Avenue project on time or within budget may adversely affect future cash flows and the Company's financial condition.

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5. PARAMUS PROPERTY

On October 5, 2001, the Company entered into a ground lease for its Paramus, New Jersey property with IKEA Property, Inc. The lease has a 40-year term with a purchase option at the end of the twentieth year for \$75,000,000. Further, the Company has a \$68,000,000 interest only, non-recourse mortgage loan on the property from a third party lender. The fixed interest rate on the debt is 5.92% with interest payable monthly until maturity in October 2011. The triple-net rent each year is the sum of \$700,000 plus the amount of debt service on the mortgage loan. If the purchase option is not exercised at the end of the twentieth year, the triple-net rent for the last 20 years must include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

6. LEASES

As Lessor

The Company leases space to tenants in retail centers and an office building. The rental terms range from approximately five to 25 years. The leases provide for the payment of fixed base rents payable monthly in advance as well as reimbursements of real estate taxes, insurance and maintenance costs. Retail leases also provide for the payment by the lessee of additional rents based on a percentage of their sales.

Future base rental revenue under these non-cancelable operating leases (other than leases which have not commenced, including The Home Depot and Hennes & Mauritz leases) is as follows:

(amounts in thousands)	
Year Ending December 31,	
2004.....	\$ 54,380
2005.....	86,044
2006.....	86,336
2007.....	83,224
2008.....	86,927
Thereafter.....	1,632,863

These future minimum amounts do not include additional rents based on a percentage of tenants' sales. For the years ended December 31, 2003, 2002 and 2001, these rents were \$945,000, \$977,000 and \$468,000, respectively.

Sears accounted for 18%, 19% and 21% of the Company's consolidated revenues for the years ended December 31, 2003, 2002 and 2001, respectively. No other tenant accounted for more than 10% of revenues. Rents from the Bloomberg L.P. lease will represent a significant portion of revenues in 2004.

As Lessee

The Company is a tenant under long-term leases. Future minimum lease payments under these operating leases are as follows:

(amounts in thousands)	
Year Ending December 31,	
2004.....	\$ 416
2005.....	416
2006.....	416
2007.....	315
2008.....	315
Thereafter.....	4,217

Rent expense was \$416,000 for each of the years ended December 31, 2003, 2002 and 2001.

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7. DISCONTINUED OPERATIONS

Effective January 1, 2002, the Company changed its method of accounting for long-lived assets sold or held for sale, in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement requires that the results of operations and gains and losses attributable to properties held for sale or sold during 2002 and thereafter, such as the Third Avenue property, be classified as discontinued operations for all periods presented, and that any assets and liabilities of these properties be presented separately in the consolidated balance sheets. Properties sold as a result of sales activities that were initiated prior to January 1, 2002, such as the Fordham Road property, continue to be accounted for under the applicable prior accounting guidance.

Discontinued operations reflect the Third Avenue property and the reversal of liabilities:

(amounts in thousands)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Total revenues.....	\$ --	\$ 1,198	\$ 1,551
Less: total expenses.....	--	380	605
	--	818	946
Reversal of previously accrued contingent liabilities.....	1,206	--	--
Gain on sale of Third Avenue property.....	--	10,366	--
	1,206	11,184	946
Income from discontinued operations.....	\$ 1,206	\$ 11,184	\$ 946

Third Avenue Property

On August 30, 2002, the Company sold its Third Avenue property, located in Bronx, New York. The 173,000 square foot property was sold for \$15,000,000, resulting in a gain of \$10,366,000. Included in the expenses relating to the sale, the Company paid a commission of \$600,000, of which \$350,000 was paid to Vornado.

Fordham Road Property

On January 12, 2001, the Company sold its Fordham Road property, located in Bronx, New York. The 303,000 square foot property was sold for \$25,500,000, resulting in a gain of \$19,026,000. In addition, the Company repaid the mortgage on this property at a discount, resulting in a gain from the early extinguishment of debt of \$3,534,000. Included in the expenses relating to the sale, the Company paid a commission of \$1,020,000, of which \$520,000 was paid to Vornado.

Flushing Property

On May 30, 2002, the Company entered into an agreement to sell its subsidiary which owns the building and has the ground lease for its property in Flushing, New York for \$18,750,000. The Company received a non-refundable deposit of \$1,875,000 from the purchaser. By Notice of Default dated August 16, 2002, the landlord of the premises notified the Company of certain alleged defaults under the lease including, but not limited to, the fact that the purchaser performed unauthorized construction at the premises. The Company commenced an action against the landlord for injunctive relief and a declaration of the rights and obligations of the parties under the lease. The Company has obtained an injunction, which temporarily restrains the landlord from terminating the lease. On September 6, 2002, the scheduled closing date, the Company notified the purchaser that it failed to close and is in default of its obligations under the purchase contract. Since the purchaser has not met its obligations under the purchase contract, the Company recognized \$1,289,000 as income, representing the non-refundable deposit of \$1,875,000, net of \$586,000 for costs associated with this transaction. This income is included in "Interest and other income, net" in the Company's consolidated statement of operations for the year ended December 31, 2003. The results of operations of the property were previously reported as discontinued operations in the consolidated statements of income included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and were reclassified to continuing operations during the three months ended September 30, 2003. In that period, the Company recorded \$59,000 of depreciation expense that would have been recognized had the property been continuously classified as "held and used".

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8. DEBT

The following is a summary of the Company's outstanding debt.

(amounts in thousands except for percentages)

	MATURITY	INTEREST RATE AT DECEMBER 31, 2003	BALANCE AT DECEMBER 31,	
			2003	2002
Construction loan, secured by the Lexington Avenue property (see Note 4).....	Jan. 2006	3.64%	\$ 240,899	\$ 55,500
First mortgage, secured by the Kings Plaza Regional Shopping Center (1).....	June 2011	7.46%	216,586	219,307
Term loan and line of credit to Vornado (2).....	Jan. 2006	12.48%	124,000	119,000
First mortgage, secured by the Rego Park I Shopping Center (3).....	June 2009	7.25%	82,000	82,000
First mortgage, secured by the Paramus property (see Note 5).....	Oct. 2011	5.92%	68,000	68,000
			\$ 731,485	\$ 543,807

(1) This mortgage loan, which is an obligation of a wholly owned subsidiary, bears interest at a fixed rate of 7.46% and provides for monthly principal payments based on a 27-year amortization schedule.

(2) At December 31, 2003, the Company was indebted to Vornado in the amount of \$124,000, comprised of (i) a \$95,000 note and (ii) \$29,000 under a \$50,000 line of credit (which carries a 1% unused commitment fee). The current interest rate on the loan and line of credit is 12.48% and resets quarterly, using a 9.48% spread to a one-year treasury with a 3% floor for treasuries. On July 3, 2002, in conjunction with the original closing of the Construction Loan, the maturity of the Vornado debt was extended to the earlier of January 3, 2006 or the date the Lexington Avenue Construction Loan is finally repaid.

The Company's wholly owned subsidiary, Residential, is the borrower with respect to \$40,000 of these loans, which are guaranteed by the Company. The Company is the borrower for the remaining \$84,000. The existing collateral for each of these loans is (i) back-up guaranties given by the Company's wholly owned subsidiaries, Alexander's of Rego Park II, Inc. ("Rego II"), Alexander's of Rego Park III, Inc. ("Rego III") and Alexander's of Flushing, Inc. ("Flushing"), (ii) a pledge given by the Company of its interest in the entities holding the commercial parcel of the Lexington Avenue property, Residential, Rego II, Rego III and Flushing, (iii) a lockbox agreement between the Company and Vornado, giving Vornado a security interest and springing control of the Company's corporate bank account into which, among other things, any distributions to the Company from its subsidiaries owning the Kings Plaza Shopping Center, the Rego Park I Shopping Center, and the Paramus property are deposited, and (iv) unrecorded mortgages on the Rego II and Rego III properties given by such entities to secure their guaranties.

(3) This mortgage loan, which is an obligation of a wholly owned subsidiary and is guaranteed by the Company, bears interest at a fixed rate of 7.25%. The amortization of principal begins in July 2004 based on a 30-year schedule.

At December 31, 2003, the principal repayments for the next five years and thereafter are as follows:

(amounts in thousands)	
Year Ending December 31,	
2004.....	\$ 3,226
2005.....	3,895
2006 (1).....	369,097
2007.....	4,526
2008.....	4,817
Thereafter.....	345,924

(1) On February 13, 2004, the Company completed a \$400,000 mortgage financing on the office space at the Lexington Avenue project (see Note 4). \$240,899 of the amount shown above for the year ending December 31, 2006 was repaid with the loan proceeds.

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All of the Company's debt is secured by mortgages and/or pledges of the stock of the subsidiaries holding the properties. The net carrying value of real estate collateralizing the debt amounted to \$773,083,000 at December 31, 2003.

The Company's existing financing documents contain restrictive covenants which limit the ability to incur indebtedness, make prepayments of indebtedness, pay dividends, make investments, engage in transactions with affiliates, issue or sell capital stock of subsidiaries, create liens, sell assets, acquire or transfer property and engage in mergers and acquisitions.

See Note 9 (Insurance) for a discussion of the insurance coverage required under the Company's debt instruments.

9. COMMITMENTS AND CONTINGENCIES

Neither the Company nor any of its subsidiaries is a party to, nor is their property the subject of, any material pending legal proceeding other than routine litigation incidental to their businesses. The Company believes that these legal actions will not be material to the Company's financial condition or results of operations.

Insurance

The Company carries comprehensive liability and all-risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets but is at risk for financial loss in excess of the policies' limits. Such a loss could be material.

The Company's all-risk insurance policies in effect before September 11, 2001 did not expressly exclude coverage for hostile acts, except acts of war. Since September 11, 2001, but prior to the enactment of the Terrorism Risk Insurance Act of 2002, insurance companies had, for the most part, excluded terrorist acts from coverage in all-risk policies. The Company was generally unable to obtain all-risk insurance that includes coverage for terrorist acts for policies renewed during that period.

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments, allowing the lenders to declare an event of default and accelerate repayment of debt. In addition, if lenders insist on coverage for these risks, it may adversely affect the Company's ability to finance and/or refinance its properties and businesses, including the construction of the Lexington Avenue development property.

On November 26, 2002, the Terrorism Risk Insurance Act of 2002 was signed into law. Under this new legislation, through 2004 (with a possible extension through 2005), regulated insurers must offer coverage in their commercial property and casualty policies (including existing policies) for losses resulting from defined "acts of terrorism." As a result of the legislation, in June 2003, the Company obtained \$500,000,000 of coverage per occurrence for certified terrorist acts, as defined in the legislation, and \$150,000,000 per occurrence for non-certified acts. In addition, on February 13, 2004, the Company increased the builders' risk insurance coverage for its Lexington Avenue project, which includes full coverage for certified terrorist acts, per occurrence, and \$200,000,000 for non-certified acts, per occurrence. Therefore, the Company is at risk for financial loss in excess of these limits for terrorist acts, as defined by the policies and the legislation. Such loss could be material. Prior to June 2003, the Company had \$200,000,000 of separate aggregate coverage for terrorist acts.

Environmental Remediation

In June 1997, the Kings Plaza Regional Shopping Center commissioned an Environmental Study and Contamination Assessment Site Investigation (the "Phase II Study") to evaluate and delineate environmental conditions disclosed in a Phase I study. The results of the Phase II Study indicated the presence of petroleum and bis (2-ethylhexyl) phthalate contamination in the soil and groundwater. The Company has delineated the contamination and has developed a remediation approach, which is ongoing. The New York State Department of Environmental

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Conservation ("NYDEC") has approved a portion of the remediation approach. The Company accrued \$2,675,000 in previous years, of which \$2,436,000 has been paid as of December 31, 2003, for its estimated obligation with respect to the cleanup of the site, and which includes costs of (i) remedial investigation, (ii) feasibility studies, (iii) remedial design, (iv) remedial action and (v) professional fees. Costs of future expenditures for these environmental remediation obligations were not discounted to their present value. If NYDEC insists on a more extensive remediation approach, the Company could incur additional obligations.

The Company has concluded that the large majority of the contamination at the site is historic and the result of past activities of third parties. Although the Company is pursuing claims against potentially responsible third parties, and negotiations are ongoing with a former owner of the property, there can be no assurance as to the extent that the Company will be successful in obtaining recovery from such parties of the remediation costs incurred. In addition, the costs associated with further pursuit of responsible parties may be cost prohibitive. The Company has not recorded an asset as of December 31, 2003 for possible recoveries of environmental remediation costs from potentially responsible third parties.

Flushing Property

See Note 7 (Flushing Property), for a discussion of the litigation concerning the sale of the Company's subsidiary which owns the building and has the ground lease for the Company's property in Flushing, New York.

Kings Plaza

The Company plans to construct a two-story freestanding building adjacent to the Mall of approximately 200,000 square feet. The first story of approximately 120,000 square feet will be operated as a Lowe's Home Improvement Warehouse ("Lowe's"). The Lowe's lease is expected to commence in 2006. The cost of the project will be approximately \$13 to 15 million, net of the Lowe's reimbursement and before reimbursement, if any, from the second story tenant(s). There can be no assurance that this project will be completed, completed on time or completed for the budgeted amount.

Letters of Credit

Approximately \$4,130,000 of standby letters of credit were issued at December 31, 2003.

10. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

Under the Company's Omnibus Stock Plan (the "Plan"), originally approved by the Company's stockholders in May 1996, directors, officers and employees of the Company and Vornado, and any other person or entity as designated by the Omnibus Stock Plan Committee of the Company's Board of Directors, are eligible for grants of incentive and non-qualified options to purchase common shares. Options granted have exercise prices equal to 100% of the market price of the Company's common stock at the date of grant, vest on a graduated basis, becoming fully vested 36 months after grant, and expire ten years after grant. The Plan also provides for the award of SARs, performance shares and restricted stock, as defined.

The 105,000 options which were outstanding and exercisable at December 31, 2003 have a remaining contractual life of 5.2 years and an exercise price of \$70.38. There were no changes to the options outstanding in the years ended December 31, 2003, 2002 and 2001. Shares available for future grant under the Plan at December 31, 2003 were 1,745,000.

At December 31, 2003, 850,000 SARs were outstanding and exercisable. The consolidated statement of operations for the year ended December 31, 2003 includes \$44,917,000 of compensation expense based on the Company's closing stock price of \$124.66 at December 31, 2003. Since the closing stock prices at December 31, 2002 and 2001 were less than the weighted-average strike price of \$71.82, there was no compensation expense in the statement of operations for the years ended December 31, 2002 and 2001. SARs, unlike options, are not aggregated under the REIT rules.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted (loss) income per share.

(amounts in thousands except shares and per share amounts)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Numerator:			
(Loss) income from continuing operations.....	\$ (18,948)	\$ 12,400	\$ 7,414
Income from discontinued operations.....	1,206	11,184	946
Gain on sale of Fordham Road property.....	--	--	19,026
Net (loss) income.....	\$ (17,742)	\$ 23,584	\$ 27,386
Denominator (basic and diluted) - weighted-average shares.....	5,000,850	5,000,850	5,000,850
Net (loss) income per common share (basic and diluted):			
(Loss) income from continuing operations.....	\$ (3.79)	\$ 2.48	\$ 1.48
Income from discontinued operations.....	0.24	2.24	0.19
Gain on sale of Fordham Road property.....	--	--	3.81
Net (loss) income.....	\$ (3.55)	\$ 4.72	\$ 5.48

Options to purchase 105,000 shares of the Company's common stock were not included in the calculations of (i) loss per share in the year ended December 31, 2003 as they are anti-dilutive in that case and (ii) income per share in the years ended December 31, 2002 and 2001 as the average market prices of the Company's common stock during these years were less than the exercise prices.

12. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(amounts in thousands except per share amounts)

	REVENUE	INCOME (LOSS)			INCOME (LOSS) PER COMMON SHARE (BASIC AND DILUTED)		
		CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
2003							
First quarter.....	\$ 19,723	\$ 4,804	\$ --	\$ 4,804	\$ 0.96	\$ --	\$ 0.96
Second quarter.....	20,156	(4,396)	--	(4,396) (1)	(0.88)	--	(0.88)
Third quarter.....	19,902	(13,560)	--	(13,560) (1)	(2.71)	--	(2.71)
Fourth quarter.....	27,381 (2)	(5,796)	1,206	(4,590) (1)	(1.16)	0.24	(0.92)
2002							
First quarter.....	\$ 18,871	\$ 3,235	\$ 296	\$ 3,531	\$ 0.65	\$ 0.06	\$ 0.71
Second quarter.....	18,762	(1,428)	295	(1,133) (3)	(0.29)	0.06	(0.23)
Third quarter.....	19,397	6,787	10,593	17,380 (3)	1.36	2.12	3.48
Fourth quarter.....	19,770	3,806	--	3,806	0.76	--	0.76

(1) Includes an accrual for compensation expense for SARs, due to an increase in the Company's stock price, of \$9,923, \$18,708 and \$16,286 in the three months ended June 30, 2003, September 30, 2003 and December 31, 2003, respectively. Loss from continuing operations for the three months ended December 31, 2003 includes \$1,289 resulting from the recognition as income of the non-refundable deposit from the planned sale of the Flushing property of \$1,875, net of \$586 for costs associated with this transaction. Income from discontinued operations for the three months ended December 31, 2003 represents the reversal of previously accrued contingent liabilities.

(2) Includes \$5,081 of rent revenue (resulting from the straight-lining of base rents) on the space leased to Bloomberg L.P. at the Lexington Avenue property.

(3) Includes an accrual for compensation expense for SARs of \$4,236 for the three months ended June 30, 2003. This expense was reversed in the three months ended September 30, 2003. The third quarter also includes the gain on the sale of the Third Avenue property of \$10,366.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors of the Company will be contained in a definitive Proxy Statement involving the election of directors and pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. The Company will file the Proxy Statement with the Securities and Exchange Commission not later than 120 days after December 31, 2003. Such information is incorporated by reference herein. For information concerning the executive officers of the Company, see "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K. Also incorporated herein by reference is the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement.

The Company has adopted a code of business conduct and ethics that applies to each of its Chief Executive Officer and Executive Vice President and Chief Financial Officer, among others. The code is posted on the Company's website at www.Alx-Inc.com. The Company intends to satisfy its disclosure obligation regarding amendments and waivers of this code applicable to its Chief Executive Office and Executive Vice President and Chief Financial Officer by posting such information on its website at www.Alx-Inc.com.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation will be contained in the Proxy Statement referred to above in "Item 10. Directors and Executive Officers of the Registrant." Such information is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning security ownership of certain beneficial owners and management and related stockholder matters, except as set forth below, will be contained in the Proxy Statement referred to above in "Item 10. Directors and Executive Officers of the Registrant." Such information is incorporated by reference herein.

A summary of the Company's equity compensation plans follows.

EQUITY COMPENSATION PLAN INFORMATION

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
Equity compensation plans approved by security holders	105,000	\$ 70.38	1,745,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	105,000	\$ 70.38	1,745,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions will be contained in the Proxy Statement referred to above in "Item 10. Directors and Executive Officers of the Registrant." Such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services will be contained in the Proxy Statement referred to above in "Item 10. Directors and Executive Officers of the Registrant." Such information is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Annual Report

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.
2. The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	PAGES IN THIS ANNUAL REPORT ON FORM 10-K -----
Schedule II - Valuation and Qualifying Accounts - years ended December 31, 2003, 2002 and 2001.....	54
Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2003.....	55

All other financial statement schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

3. Exhibits:

See Exhibit Index on page 57.

(b) Reports on Form 8-K

During the last quarter of the period covered by this Annual Report on Form 10-K, Alexander's, Inc. filed the following report on Form 8-K:

PERIOD COVERED (DATE OF EVENT REPORTED) -----	ITEMS REPORTED -----	DATE FILED -----
November 20, 2003	Update of Items 6, 7, and 8 and Schedule III in Annual Report on Form 10-K for the year ended December 31, 2002	November 20, 2003

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALEXANDER'S, INC.

By: /s/ Joseph Macnow

Joseph Macnow
Executive Vice President and Chief Financial Officer

Date: March 2, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
----- /s/ Steven Roth ----- Steven Roth	Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2004
----- /s/ Michael D. Fascitelli ----- Michael D. Fascitelli	President and Director	March 2, 2004
----- /s/ Joseph Macnow ----- Joseph Macnow	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2004
----- /s/ Thomas R. DiBenedetto ----- Thomas R. DiBenedetto	Director	March 2, 2004
----- /s/ David Mandelbaum ----- David Mandelbaum	Director	March 2, 2004
----- /s/ Stephen Mann ----- Stephen Mann	Chairman of the Board of Directors	March 2, 2004
----- /s/ Arthur I. Sonnenblick ----- Arthur I. Sonnenblick	Director	March 2, 2004
----- /s/ Neil Underberg ----- Neil Underberg	Director	March 2, 2004
----- /s/ Richard West ----- Richard West	Director	March 2, 2004
----- /s/ Russell B. Wight, Jr. ----- Russell B. Wight, Jr.	Director	March 2, 2004

ALEXANDER'S, INC. AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(amounts in thousands)	COLUMN B -----	COLUMN C -----	COLUMN D -----	COLUMN E -----
COLUMN A - DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS: CHARGED AGAINST OPERATIONS	DEDUCTIONS: UNCOLLECTIBLE ACCOUNTS WRITTEN OFF	BALANCE AT END OF YEAR
	-----	-----	-----	-----
Allowance for doubtful accounts:				
Year Ended December 31, 2003.....	\$ 96	\$ 112	\$ 153	\$ 55
	=====	=====	=====	=====
Year Ended December 31, 2002.....	\$ 929	\$ (191)	\$ 642	\$ 96
	=====	=====	=====	=====
Year Ended December 31, 2001.....	\$ 722	\$ 365	\$ 158	\$ 929
	=====	=====	=====	=====

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2003
(amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY (1)		COST CAPITALIZED SUBSEQUENT TO ACQUISITION (2)	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			
		LAND	BUILDING, LEASEHOLDS AND LEASEHOLD IMPROVEMENTS		LAND	BUILDINGS, LEASEHOLD AND LEASEHOLDS IMPROVEMENTS	CONSTRUCTION IN PROGRESS	TOTAL (2)
Commercial Property:								
New York, NY								
Rego Park I	\$ 82,000	\$ 1,647	\$ 8,953	\$ 57,641	\$ 1,647	\$ 66,594	\$ --	\$ 68,241
Rego Park II	--	3,906	1,467	1,387	3,906	1,567	1,287	6,760
Flushing	--	--	1,660	1,657	--	3,213	104	3,317
Lexington Ave. Kings Plaza Regional Shopping Center	240,899	14,432	12,355	587,334	49,539	194,436	370,146	614,121
	216,586	497	9,542	119,190	24,483	103,737	1,009	129,229
	539,485	20,482	33,977	767,209	79,575	369,547	372,546	821,668
Paramus, NJ	68,000	1,441	--	10,313	11,754	--	--	11,754
Other properties	--	599	1,804	2	599	1,806	--	2,405
Other debt (4)	124,000							
TOTAL	\$ 731,485	\$ 22,522	\$ 35,781	\$ 777,524	\$91,928	\$371,353	\$ 372,546	\$ 835,827

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION AND AMORTIZATION	DATE OF CONSTRUCTION	DATE ACQUIRED (1)	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
Commercial Property:				
New York, NY				
Rego Park I	\$ 20,754	1959	1992	15-39 years
Rego Park II	1,480	1965	1992	38-39 years
Flushing	1,800	1975 (3)	1992	26 years
Lexington Ave. Kings Plaza Regional Shopping Center	623	2003	1992	39 years
	36,281	1970	1992	7-50 years
	60,938			
Paramus, NJ	--	--	1992	--
Other properties	1,806	Various	1992	7-25 years
Other debt (4)				
TOTAL	\$ 62,744			

(1) Initial cost is as of May 15, 1992 (the date on which the Company commenced its real estate operations) unless acquired subsequent to that date. See Column H.

(2) The net basis of the Company's assets and liabilities for tax purposes is approximately \$51,000,000 lower than the amount reported for financial statement purposes.

(3) This date represents the lease acquisition date.

(4) This debt is payable to Vornado Realty Trust (see Note 8 of the consolidated financial statements).

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION

(amounts in thousands)

	DECEMBER 31,		
	2003	2002	2001
REAL ESTATE:			
Balance at beginning of period	\$ 600,661	\$ 436,742	\$ 404,935
Additions during the period:			
Land	1,160	--	--
Buildings, leaseholds and leasehold improvements	194,772	4,608	3,118
Construction in progress	39,234	164,948	45,372
	835,827	606,298	453,425
Assets sold	--	(5,637)	(16,683)
Balance at end of period	\$ 835,827	\$ 600,661	\$ 436,742
ACCUMULATED DEPRECIATION:			
Balance at beginning of period	\$ 57,686	\$ 56,383	\$ 58,884
Additions charged to operating expenses	5,058	4,563	4,535
	62,744	60,946	63,419
Assets sold	--	(3,260)	(7,036)
Balance at end of period	\$ 62,744	\$ 57,686	\$ 56,383

EXHIBIT INDEX

EXHIBIT NO. -----	* - Incorporated by reference	
3.1	Amended and Restated Certificate of Incorporation. Incorporated herein by reference from Exhibit 3.1 to the registrant's Registration Statement on Form S-3 filed on September 20, 1995.....	*
3.2	By-laws, as amended. Incorporated herein by reference from Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.....	*
10.1	Limited Liability Company Operating Agreement of 731 Residential LLC, dated as of July 3, 2002, among 731 Residential Holding LLC, as the sole member, Domenic A. Borriello, as an Independent Manager and Kim Lutthang, as an Independent Manager. Incorporated herein by reference from Exhibit 10(i) (A) (1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.2	Limited Liability Company Operating Agreement of 731 Commercial LLC, dated as of July 3, 2002, among 731 Commercial Holding LLC, as the sole member, Domenic A. Borriello, as an Independent Manager and Kim Lutthang, as an Independent Manager. Incorporated herein by reference from Exhibit 10(i) (A) (2) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.3	Amended and Restated Credit Agreement dated July 3, 2002 between 59th Street Corporation and Vornado Lending, LLC (evidencing \$40,000,000 of debt on which 59th Street Corporation became the direct borrower). Incorporated herein by reference from Exhibit 10(i) (B) (1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.4	Credit Agreement, dated July 3, 2002, between Alexander's Inc. and Vornado Lending LLC evidencing a \$20,000,000 loan. Incorporated herein by reference from Exhibit 10(i) (B) (2) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.5	Amended and Restated Credit Agreement, dated July 3, 2002, between Alexander's Inc. and Vornado Lending LLC evidencing a \$50,000,000 line of credit facility. Incorporated herein by reference from Exhibit 10(i) (B) (3) to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002.....	*
10.6	Credit Agreement, dated July 3, 2002, between Alexander's Inc. and Vornado Lending LLC evidencing a \$35,000,000 loan. Incorporated herein by reference from Exhibit 10(i) (B) (4) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.7	Building Loan Agreement, dated as of July 3, 2002, by and between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i) (C) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*
10.8	Project Loan Agreement, dated as of July 3, 2002, by and between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i) (C) (1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.....	*

EXHIBIT * - Incorporated by reference
NO.

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- 10.9 Supplemental Loan Agreement, dated as of July 3, 2002, by and between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(2) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.10 Consolidated, Amended and Restated Building Loan Mortgage, dated as of July 3, 2002, by and between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(3) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.11 Consolidated, Amended and Restated Building Loan Note, dated as of July 3, 2002 by and between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(4) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.12 Guaranty of Completion, dated as of July 3, 2002, executed by Vornado Realty L.P. for the benefit of Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(5) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.13 Guaranty of Carry Obligations, dated as of July 3, 2002, executed by Alexander's, Inc. for the benefit of Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(6) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.14 Environmental Indemnity Agreement, dated as of July 3, 2002, executed by Alexander's, Inc., 731 Residential LLC and 731 Commercial LLC in favor of Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent for the Lenders. Incorporated herein by reference from Exhibit 10(i)(C)(7) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.15 Reimbursement Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., 731 Commercial LLC, 731 Residential LLC and Vornado Realty, L.P. Incorporated herein by reference from Exhibit 10(i)(C)(8) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.16 First Omnibus Amendment to Loan Documents, dated March 5, 2003, among 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Hypo Real Estate Capital Corporation, as Agent for the Lenders.
 - 10.17 Second Omnibus Amendment to Loan Documents, dated February 13, 2004, among 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Hypo Real Estate Capital Corporation, as Agent for the Lenders.
 - 10.18 First Amendment to Building Loan Agreement, dated March 5, 2003, between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Hypo Real Estate Capital Corporation, as Agent for the Lenders.
 - 10.19 Second Amendment to Building Loan Agreement, dated February 13, 2004, between 731 Commercial LLC and 731 Residential LLC, collectively as Borrower, and Hypo Real Estate Capital Corporation, as Agent for the Lenders.

EXHIBIT * - Incorporated by reference
NO.

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- 10.20 Loan and Security Agreement, dated as of February 13, 2004, between 731 Office One LLC, as Borrower and German American Capital Corporation, as Lender.
 - 10.21 Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rent and Security Deposits by and between 731 Office One LLC as Borrower and German American Capital Corporation as Lender, dated as of February 13, 2004
 - 10.22 Amended, Restated and Consolidated Note, dated as of February 13, 2004, by 731 Office One LLC in favor of German American Capital Corporation.
 - 10.23 Assignment of Leases, Rents and Security Deposits from 731 Office One LLC to German American Capital Corporation, dated as of February 13, 2004.
 - 10.24 Account and Control Agreement, dated as of February 13, 2004, by and among German American Capital Corporation as Lender, and 731 Office One LLC as Borrower, and JP Morgan Chase as Cash Management Bank.
 - 10.25 Manager's Consent and Subordination of Management Agreement dated February 13, 2004, by 731 Office One LLC and Alexander's Management LLC and German American Capital Corporation.
 - 10.26 Note Exchange Agreement dated as of February 13, 2004, by and between 731 Office One LLC and German American Capital Corporation.
 - 10.27 Promissory Note A-1 dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.28 Promissory Note A-2 dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.29 Promissory Note A-3 dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.30 Promissory Note A-4 dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.31 Promissory Note A-X dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.32 Promissory Note B dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation.
 - 10.33 Guaranty of Recourse Obligations dated as of February 13, 2004, by Alexander's, Inc. to and for the benefit of German American Capital Corporation.
 - 10.34 Environmental Indemnity dated as of February 13, 2004, by Alexander's, Inc. and 731 Office One LLC for the benefit of German American Capital Corporation.
 - 10.35 Amended, Restated and Consolidated Mortgage and Security Agreement, dated May 12, 1999, between The Chase Manhattan Bank, as mortgagee, and Alexander's Rego Shopping Center Inc., as mortgagor. Incorporated herein by reference from Exhibit 10(i)(E) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000..... *

EXHIBIT * - Incorporated by reference
NO.

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- 10.36 Real Estate Retention Agreement dated as of July 20, 1992, between Vornado Realty Trust and Keen Realty Consultants, Inc., each as special real estate consultants, and the Company. Incorporated herein by reference from Exhibit 10(i)(O) to the registrant's Annual Report on Form 10-K for the fiscal year ended July 25, 1992..... *
 - 10.37 Extension Agreement to the Real Estate Retention Agreement, dated as of February 6, 1995, between the Company and Vornado Realty Trust. Incorporated herein by reference from Exhibit 10(i)(G)(2) to the registrant's Annual Report Form 10-K for the year ended December 31, 1994..... *
 - 10.38 Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty, L.P. Incorporated herein by reference from Exhibit 10(i)(E)(3) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.39 59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty, L.P., 731 Residential LLC and 731 Commercial LLC. Incorporated herein by reference from Exhibit 10(i)(E)(4) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.40 Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. Incorporated herein by reference from Exhibit 10(i)(F)(1) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.41 59th Street Management and Development Agreement, dated as of July 3, 2002, by and between 731 Commercial LLC and Vornado Management Corp. Incorporated herein by reference from Exhibit 10(i)(F)(2) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.42 Kings Plaza Management Agreement, dated as of May 31, 2001, by and between Alexander's Kings Plaza LLC and Vornado Management Corp. Incorporated herein by reference from Exhibit 10(i)(F)(3) to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002..... *
 - 10.43 Agreement of Lease for Rego Park, Queens, New York, between Alexander's, Inc. and Sears Roebuck & Co. Incorporated herein by reference from Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994..... *
 - 10.44 Lease for Roosevelt Avenue, Flushing, New York, dated as of December 1, 1992, between the Company, as landlord, and Caldor, as tenant. Incorporated herein by reference from Exhibit (ii)(E)(7) to the registrant's Annual Report on Form 10-K for the fiscal year ended July 25, 1992..... *
 - 10.45 First Amendment to Sublease for Roosevelt Avenue, Flushing, New York, dated as of February 22, 1995 between the Company, as sublandlord, and Caldor, as tenant. Incorporated herein by reference from Exhibit 10(ii)(A)(8)(b) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994..... *
 - 10.46 Lease Agreement, dated March 1, 1993 by and between the Company and Alex Third Avenue Acquisition Associates. Incorporated by reference from Exhibit 10(ii)(F) to the registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1993..... *

EXHIBIT * - Incorporated by reference
NO.

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- 10.47 Agreement of Lease for Rego Park, Queens, New York, between the Company and Marshalls of Richfield, MN, Inc., dated as of March 1, 1995. Incorporated herein by reference from Exhibit 10(ii)(A)(12)(a) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994..... *
 - 10.48 Guaranty, dated March 1, 1995, of the Lease described in Exhibit 10(ii)(A)(6)(a) above by the Company. Incorporated herein by reference from Exhibit 10(ii)(A)(12)(b) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994..... *
 - 10.49 Employment Agreement, dated February 9, 1995, between the Company and Stephen Mann. Incorporated herein by reference from Exhibit 10(iii)(B) to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994..... *
 - 10.50 Registrant's Omnibus Stock Plan, as amended, dated May 28, 1997. Incorporated herein by reference from Exhibit 10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997..... *
 - 10.51 Amended and Restated Consolidated Mortgage and Security Agreement dated as of May 31, 2001 among Alexander's Kings Plaza LLC as mortgagor, Alexander's of King LLC as mortgagor and Kings Parking LLC as mortgagor, collectively borrower, to Morgan Guaranty Trust Company of New York, as mortgagee. Incorporated herein by reference from Exhibit 10(v) A1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001..... *
 - 10.52 Amended, Restated and Consolidated Promissory Note, dated as of May 31, 2001 by and between Alexander's Kings Plaza LLC, Alexander's of Kings LLC, and Kings Parking LLC collectively borrower, and Morgan Guaranty Trust Company of New York, lender. Incorporated herein by reference from Exhibit 10(v) A2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001..... *
 - 10.53 Cash Management Agreement dated as of May 31, 2001 by and between Alexander's Kings Plaza LLC, Alexander's of Kings LLC, and Kings Parking LLC collectively borrower, and Morgan Guaranty Trust Company of New York, lender. Incorporated herein by reference from Exhibit 10(v) A3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001..... *
 - 10.54 Note modification and Severance Agreement dated as of November 26, 2001, between Alexander's Kings Plaza LLC, Alexander's of Kings LLC, and Kings Parking LLC collectively borrower and JP Morgan Chase Bank of New York, lender. Incorporated herein by reference from Exhibit 10(v)(A)(4) to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001..... *
 - 10.55 Agreement of Lease dated as of April 30, 2001 between Seven Thirty One Limited Partnership, landlord, and Bloomberg L.P., tenant. Incorporated herein by reference from Exhibit 10(v) B to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001..... *
 - 10.56 First Amendment of Lease, dated as of April 19, 2002, between Seven Thirty One Limited Partnership, landlord and Bloomberg L.P., tenant. Incorporated herein by reference from Exhibit 10(v)(B)(2) to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002..... *
 - 10.57 Loan Agreement dated as of October 2, 2001 by and between ALX of Paramus LLC as borrower, and SVENSKA HANDELSBANKEN AB (publ), as lender. Incorporated herein by reference from Exhibit 10(v)(C)(1) to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001..... *

EXHIBIT * - Incorporated by reference
NO.

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- 10.58 Mortgage, Security Agreement and Fixture Financing Statement dated as of October 2, 2001 by and between ALX of Paramus LLC as borrower, and SVENSKA HANDELSBANKEN AB (publ), as lender. Incorporated herein by reference from Exhibit 10(v)(C)(2) to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001..... *

 - 10.59 Environmental undertaking letter dated as of October 2, 2001 by and between ALX of Paramus LLC, as borrower, and SVENSKA HANDELSBANKEN AB (publ), as lender. Incorporated herein by reference from Exhibit 10(v)(C)(3) to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001..... *

 - 10.60 Lease dated as of October 2, 2001 by and between ALX of Paramus LLC, as Landlord, and IKEA Property, Inc. as Tenant. Incorporated herein by reference from Exhibit 10(v)(C)(4) to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001..... *

 - 12 Consolidated Ratios of Earnings to Fixed Charges

 - 21 Subsidiaries of Registrant

 - 23 Consent of Deloitte & Touche LLP

 - 31.1 Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended

 - 31.2 Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended

 - 32.1 Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

 - 32.2 Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

FIRST OMNIBUS AMENDMENT TO LOAN DOCUMENTS

Dated as of March 5, 2003

Between

731 COMMERCIAL LLC and 731 RESIDENTIAL LLC, collectively, as Borrower,

and

**BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH,
as Agent,**

and

**THE LENDERS NAMED HEREIN,
as Lenders**

Location: 731 Lexington Avenue
New York, New York

County: New York County

FIRST OMNIBUS AMENDMENT TO LOAN DOCUMENTS

THIS FIRST OMNIBUS AMENDMENT TO LOAN DOCUMENTS, dated as of March 5, 2003 (this "AMENDMENT"), between 731 COMMERCIAL LLC ("COMMERCIAL OWNER") and 731 RESIDENTIAL LLC ("RESIDENTIAL OWNER"), each a Delaware limited liability company, having its principal place of business at 888 Seventh Avenue, New York, New York 10019, collectively as Borrower ("BORROWER"), and BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH, a German banking corporation organized under the laws of the Federal Republic of Germany, having an address at 622 Third Avenue, New York, New York 10017, as administrative agent (including any of its successors and assigns, "AGENT") for itself and the other Lenders signatory hereto (collectively, together with such other co-lenders as may exist from time to time, "LENDERS").

WITNESSETH:

WHEREAS, pursuant to the terms and provisions and subject to the conditions set forth in (i) that certain Building Loan Agreement dated as of July 3, 2002 between Borrower, Agent and Lenders signatory thereto filed on July 9, 2002 as Index No. 150 in the County Clerk's Office of New York County (the "EXISTING BUILDING LOAN AGREEMENT"), (ii) that certain Supplemental Loan Agreement dated as of July 3, 2002 between Borrower, Agent and Lenders signatory thereto (the "EXISTING SUPPLEMENTAL LOAN AGREEMENT"), and (iii) that certain Project Loan Agreement dated as of July 3, 2002 between Borrower, Agent and Lenders signatory thereto (the "EXISTING PROJECT LOAN AGREEMENT" and together with the Existing Building Loan Agreement and the Existing Supplemental Loan Agreement, collectively, the "EXISTING LOAN AGREEMENT"), Agent has agreed to administer and Lenders have agreed to make loans (collectively, the "LOAN") to Borrower in the aggregate principal amount of FOUR HUNDRED NINETY MILLION and NO/100 DOLLARS (\$490,000,000.00) related to the construction of the Improvements (as hereinafter defined) on the property described on Exhibit A hereto;

WHEREAS, Borrower has requested that Agent and Lenders reduce the amount of the Supplemental Loan and to the extent of such reduction, increase in the aggregate the amount of the Building Loan (pursuant to the hereinafter referred to BLA Amendment) and the amount to the Project Loan;

WHEREAS, Borrower has also requested that Borrower have the right to use a portion of the proceeds of the Project Loan in a principal amount of up to TEN MILLION and NO/100 DOLLARS (\$10,000,000.00) to fund direct Advances to the Borrower secured by direct mortgages to be made by Borrower to Agent encumbering the Property in the same manner as Building Loan proceeds are disbursed to Borrower pursuant to the Building Loan Agreement, rather than for the purpose of acquiring Spread Mortgages and Spread Notes as now provided for in the Existing Project Loan Agreement;

WHEREAS, the increase of the amount of the Building Loan and other amendments to the Existing Building Loan Agreement are being accomplished pursuant to that

certain First Amendment to Building Loan Agreement dated as of the date hereof and intended to be filed in the County Clerk's Office of New York County (the "BLA AMENDMENT"; the Existing Building Loan Agreement as amended by the BLA Amendment, and as the same may hereafter be amended, modified or supplemented, the "BUILDING LOAN AGREEMENT"); and

WHEREAS, Borrower, Agent and Lenders wish to amend the Existing Supplemental Loan Agreement, the Existing Project Loan Agreement and other Loan Documents (excluding the Building Loan Agreement) to accomplish the foregoing, all upon the terms and provisions and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreements set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

A G R E E M E N T:

Section 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Building Loan Agreement.

Section 2. Changed Loan Amounts. The principal amount of the Supplemental Loan is hereby reduced to be a principal amount of up to ONE HUNDRED EIGHTY TWO MILLION TWO HUNDRED FIFTY-FOUR THOUSAND NINE HUNDRED NINETEEN and NO/100 DOLLARS (\$182,254,919.00) or so much thereof as may be advanced pursuant to the Existing Supplemental Loan Agreement as modified by this Amendment; the principal amount of the Project Loan is hereby increased to be a principal amount of up to NINETY TWO MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND EIGHTY-ONE and NO/100 DOLLARS (\$92,745,081) or so much thereof as may be advanced pursuant to the Existing Project Loan Agreement as modified by this Amendment; and the principal amount of the Building Loan is increased pursuant to the BLA Amendment to be a principal amount of up to TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00) or so much thereof as may be advanced pursuant to the Building Loan Agreement. Wherever references are made in any of the Loan Documents to the principal amounts of the Building Loan, Supplemental Loan and/or Project Loan as being \$200,000,000, \$215,316,818 and \$74,683,182, respectively, such references shall be deemed to be the relevant respective amounts set forth in this Section 2 of this Amendment and are hereby so amended.

Section 3. Specific Amendments to the Existing Supplemental Loan Agreement.

(a) In Section 1.1 of the Existing Supplemental Loan Agreement, the definitions of "Building Loan Amount", and "Supplemental Loan Costs" are hereby amended as follows:

(i) "Building Loan Amount" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00).

(ii) In the definition of "Supplemental Loan Costs", delete the reference to "\$55,000,000" and insert "\$70,000,000" in its place.

(b) All references in Sections 2.1.1(a) and 2.1.3 of the Existing Supplemental Loan Agreement to "TWO HUNDRED FIFTEEN MILLION THREE HUNDRED SIXTEEN THOUSAND EIGHT HUNDRED EIGHTEEN AND NO/100 DOLLARS (\$215,316,818)" are hereby deleted and replaced with ONE HUNDRED EIGHTY TWO MILLION TWO HUNDRED FIFTY-FOUR THOUSAND NINE HUNDRED NINETEEN and NO/100 DOLLARS (\$182,254,919.00).

(c) In Section 2.1.13(b) of the Existing Supplemental Loan Agreement, the reference to "\$290,000,000" is hereby deleted and "\$275,000,000" is inserted in its place.

Section 4. Specific Amendments to the Existing Project Loan Agreement.

(a) In Section 1.1 of the Existing Project Loan Agreement, the definitions of "Building Loan Amount", "Project Loan Mortgage" and "Supplemental Loan Costs" are hereby amended as follows:

(i) "Building Loan Amount" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00).

(ii) At the end of the definition of "Project Loan Mortgage" add the following:

"and any new mortgage(s) on the Property given by Borrower to Agent directly secure the Project Loan".

(iii) In the definition of "Supplemental Loan Costs", delete the reference to "\$55,000,000" and insert "\$70,00,000" in its place.

(b) All references in Sections 2.1.1(a) and 2.1.3 of the Existing Project Loan Agreement to "SEVENTY FOUR MILLION SIX HUNDRED EIGHTY THREE THOUSAND ONE HUNDRED EIGHTY TWO AND NO/100 DOLLARS (\$74,683,182)" are hereby deleted and replaced with NINETY TWO MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND EIGHTY-ONE and NO/100 DOLLARS (\$92,745,081).

(c) Section 2.1.4 of the Existing Project Loan Agreement is hereby amended to provide for the funding of up to the first \$10,000,000 of the proceeds of the Project Loan directly to Borrower in the same manner in which Advances are made to Borrower pursuant to the Building Loan Agreement provided that Borrower execute and deliver to Agent a Project Loan Note and Project Loan Mortgage for that amount in addition to satisfying the other conditions to Advances set forth in the Existing Project Loan Agreement (except to the extent that any of those conditions are only applicable where a Spread Mortgage would be acquired rather than for a direct Project Loan Mortgage), as well as satisfying all of the Collateral Disbursement Conditions (as defined in the Cash Collateral Agreement) under the Cash Collateral Agreement as though the disbursement of such proceeds were a disbursement of Project Cash Collateral, and, in addition, the following conditions shall be satisfied:

(i) The Project Loan Mortgage shall constitute a valid second lien (until such time as a Supplemental Loan Mortgage is made and, thereafter, a valid third lien) on the Property for the full amount of the Project Loan advanced to and including the date of the

Advance, free and clear of all liens except for Permitted Encumbrances. In connection with each subsequent Advance of the Project Loan (after the initial Advance thereof) that is secured by a direct Project Mortgage, Agent shall have been furnished with a title continuation or an endorsement to Title Insurance Policy issued to Agent and Lenders in connection with the initial Advance of the Project Loan which continuation or endorsement shall state that since the last disbursement of the Loan there have been no changes in the state of title to the Project (other than Permitted Encumbrances) and that there are no additional survey exceptions not previously approved by Agent; and

(ii) Borrower shall pay any and all mortgage recording taxes in connection with the recording of the Project Loan Mortgage.

(d) In Section 2.1.13(b) of the Existing Project Loan Agreement, the reference to "\$290,000,000" is hereby deleted and "\$275,000,000" is inserted in its place.

Section 5. Lien Priority of Project Loan Mortgage. Notwithstanding anything to the contrary contained in any Loan Documents, until such time as a Supplemental Mortgage shall exist, the Project Loan Mortgage shall constitute and grant to Agent a second priority lien on the Property. As a condition to the initial Advance of the Supplemental Loan, Borrower and Agent shall enter into a subordination agreement or an amended and restated Project Loan Mortgage containing a provision whereby the then existing Project Loan Mortgage shall be subordinated to the lien of the Supplemental Mortgage.

Section 6. Borrower's Representations and Warranties. Borrower represents, warrants and certifies to Lender, that as of the date hereof:

(i) The Obligations of the Borrower to repay the Loan (with interest as set forth in the Loan Documents) to the Lender and to perform or otherwise satisfy Borrower's other Obligations under the Loan Documents, as well as the security interest in the Property granted by the Borrower to the Lender under the Loan Agreement, the Mortgage and the other Loan Documents (A) each remain and shall continue in full force and effect, both before and after giving effect to this Amendment and/or to the BLA Amendment, (B) are not subject as of the date of this Amendment to any defense, counterclaim, setoff, right or recoupment, abatement, reduction or other claim or determination, and (C) are and shall continue to be governed by the terms and provisions of the Loan Agreement and the other Loan Documents as supplemented, modified and amended by this Amendment and the BLA Amendment.

(ii) All representations and warranties contained in the Existing Supplemental Loan Agreement, the Existing Project Loan Agreement and the other Loan Documents are true and correct in all material respects as of the date of this Amendment.

(iii) No material Default and no Event of Default has occurred and is continuing.

Section 7. Authorization, Conflicts, Enforceability. The execution, delivery, and performance of this Amendment and the other documents which are being executed and delivered in connection herewith by the Borrower have been duly authorized, executed and

delivered by Borrower and will not conflict with, result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any of Borrower's organizational documents or any agreement or instrument to which Borrower is a party or by which it is bound, or any order or decree applicable to Borrower, or result in the creation or imposition of any lien on any of Borrower's assets or property (other than pursuant to the Loan Documents).

Section 8. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to Article VIII of the Existing Building Loan Agreement (and no other Person shall be deemed a benefited party hereunder under any circumstances).

Section 9. No Further Modification. Except as modified and amended by this Amendment and the BLA Amendment, the Loan, the Loan Agreement, the Note and the other Loan Documents and the obligations of Lender, Borrower and Guarantor thereunder shall remain unmodified and in full force and effect. Wherever reference is made in any Loan Document to the Building Loan Agreement, it shall be deemed to mean the Existing Building Loan Agreement as amended by the BLA Amendment, and as the same may be amended from time to time in accordance with its terms and wherever reference is made any Loan Document to any of the other Loan Documents, it shall be deemed to mean such other Loan Document as the same may be amended by this Amendment, and as the same may be amended from time to time in accordance with its terms.

Section 10. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement.

Section 11. Section Headings. The Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 12. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 13. Consent, Ratification and Agreement by Guarantors. By their signatures below, each of the Guarantors hereby agrees as follows:

(a) Each of the Guarantors consents to the foregoing Amendment as well as the BLA Amendment (a true copy of which each Guarantor hereby confirms having received and reviewed), ratifies and confirms all of the terms and provisions set forth in their respective Guaranties and that their respective liability under said Guaranties continues without impairment or limitation by reason of this Amendment or the BLA Amendment.

(b) Each of the Guarantors agrees that wherever references are made in any of the Guaranties to the principal amounts of the Building Loan, Supplemental Loan and/or Project Loan as being \$200,000,000, \$215,316,818 and \$74,683,182, respectively, such references shall

be deemed to be the relevant respective amounts set forth in Section 2 of this Amendment. In addition, wherever reference is made in any Guaranty to the Building Loan Agreement, it shall be deemed to mean the Existing Building Loan Agreement as amended by the BLA Amendment, and as the same may be amended from time to time in accordance with its terms and wherever reference is made in the Guaranty to any of the other Loan Documents, it shall be deemed to mean such Loan Document as the same may be amended by this Amendment, and as the same may be amended from time to time in accordance with its terms.

(c) Vornado, as Guarantor under the Guaranty of Completion, by its signature below confirms and agrees that the language "and the Collateral Disbursement Conditions under the Cash Collateral Agreement with respect to any disbursements of Cash Collateral" which appears twice at the end of subparagraph

(f) under the definition of "Guarantor Draw Conditions" should only appear in said subparagraph (f) once and should be repeated at the end of subparagraph (g)

[where it does not currently appear] as well.

Section 14. Governing Law. The governing law provisions of Section 10.3(A) of the Existing Loan Agreements are incorporated herein by reference as though fully set forth.

Section 15. Mutatis Mutandis. To the extent necessary to effectuate that amendments intended by the foregoing provisions of this Amendment and the BLA Amendment, each of the Loan Documents (other than the Existing Building Loan Agreement as amended by the BLA Amendment) is hereby deemed modified and amended, mutatis mutandis, and the parties hereto agree to enter into such amendments to such Existing Loan Documents as may be reasonably required in order to confirm the foregoing.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

731 COMMERCIAL LLC, a Delaware limited liability company

By: 731 Commercial Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Joseph Macnow

*Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration*

731 RESIDENTIAL LLC, a Delaware limited liability company

By: 731 Residential Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Joseph Macnow

*Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration*

AGENT:

**BAYERISCHE HYPO- UND
VEREINSBANK AG, NEW YORK
BRANCH**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ Anthony Mugno

Name: Anthony Mugno
Title: Director

LENDER[S]:

**BAYERISCHE HYPO- UND
VEREINSBANK AG, NEW YORK
BRANCH**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ Anthony Mugno

Name: Anthony Mugno
Title: Director

Lending Office:

622 Third Avenue 29th Floor New York, New York 10017 Attention: Real Estate Lending

CONSENTED AND AGREED TO:

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland business trust

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration

ALEXANDER'S, INC.,
a Delaware corporation

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration

ACKNOWLEDGMENT

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Joseph Macnow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ Joseph Macnow

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Joseph Macnow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ Joseph Macnow

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Robert Dowling, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ Robert Dowling

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Anthony Mugno, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ Anthony Mugno

*Signature & office of individual
taking the acknowledgement*

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

RESIDENTIAL PARCEL

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE, westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

COMMERCIAL PARCEL

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of East 58th Street with the easterly side of Lexington Avenue;

RUNNING THENCE northerly, along the easterly line of Lexington Avenue 200 feet 10 inches to the corner formed by the intersection of the southerly line of East 59th Street with the easterly line of Lexington Avenue;

THENCE easterly, along the southerly line of East 59th Street, 420 feet 0 inches to the corner formed by the intersection of the southerly line of East 59th Street with the westerly line of Third Avenue;

THENCE southerly, along the westerly line of Third Avenue, 200 feet 10 inches to the corner formed by the intersection of the northerly line of East 58th Street with the westerly line of Third Avenue;

THENCE westerly, along the northerly line of East 58th Street, 420 feet to the point or place of BEGINNING.

LESS AND EXCEPT:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

SECOND OMNIBUS AMENDMENT TO LOAN DOCUMENTS

Dated as of February 13, 2004

Between

731 COMMERCIAL LLC AND 731 RESIDENTIAL LLC, collectively, as Borrower,

and

HYPO REAL ESTATE CAPITAL CORPORATION,
as Agent,

and

THE LENDERS NAMED HEREIN,
as Lenders

Location: 731 Lexington Avenue
New York, New York

County: New York County

SECOND OMNIBUS AMENDMENT TO LOAN DOCUMENTS

THIS SECOND OMNIBUS AMENDMENT TO LOAN DOCUMENTS, dated as of February 13, 2004 (this "Amendment"), between 731 COMMERCIAL LLC ("COMMERCIAL OWNER") and 731 RESIDENTIAL LLC ("RESIDENTIAL OWNER"), each a Delaware limited liability company, having its principal place of business at 888 Seventh Avenue, New York, New York 10019, collectively as Borrower ("BORROWER"), and HYPO REAL ESTATE CAPITAL CORPORATION ("HYPO"), a Delaware corporation, having an address at 622 Third Avenue, New York, New York 10017, as administrative agent (including any of its successors and assigns, "AGENT") for itself and the other Lenders signatory hereto (collectively, together with such other co-lenders as may exist from time to time, "LENDERS").

WITNESSETH:

WHEREAS, pursuant to the terms and provisions and subject to the conditions set forth in (i) that certain Building Loan Agreement dated as of July 3, 2002 between Borrower, Bayerische Hypo- und Vereinsbank AG, New York Branch ("HVB"), as agent thereunder and the lenders signatory thereto filed on July 9, 2002 as Index No. 150 in the County Clerk's Office of New York County, as amended by that certain First Amendment to Building Loan Agreement dated as of March 5, 2003 between Borrower, HVB, as agent thereunder and the lenders signatory thereto, which was filed on March 11, 2003 as Index No. 39 in said County Clerk's Office (as so amended, the "EXISTING BUILDING LOAN AGREEMENT"), (ii) that certain Supplemental Loan Agreement dated as of July 3, 2002 between Borrower, HVB, as agent thereunder and the lenders signatory thereto, as amended by that certain First Omnibus Amendment to Loan Documents dated as of March 5, 2003 between Borrower, HVB, as agent thereunder and the lenders signatory thereto ("FIRST OMNIBUS AMENDMENT") (as so amended, the "EXISTING SUPPLEMENTAL LOAN AGREEMENT"), and (iii) that certain Project Loan Agreement dated as of July 3, 2002 between Borrower, Agent and Lenders signatory thereto, as amended by the First Omnibus Amendment (as so amended, the "EXISTING PROJECT LOAN AGREEMENT" and together with the Existing Building Loan Agreement and the Existing Supplemental Loan Agreement, collectively, the "EXISTING LOAN AGREEMENT"), Agent as successor administrative agent to HVB under the Existing Loan Agreement, has agreed to administer and Lenders have agreed to make loans (respectively, the "BUILDING LOAN", the "SUPPLEMENTAL LOAN" and the "PROJECT LOAN, and collectively, the "LOAN") to Borrower in the aggregate principal amount of FOUR HUNDRED NINETY MILLION and NO/100 DOLLARS (\$490,000,000.00) related to the construction of the Improvements (as hereinafter defined) on the property described on Exhibit A hereto (the "ORIGINAL MORTGAGED PREMISES");

WHEREAS, the Building Loan is (i) evidenced by that certain Consolidated, Amended and Restated Building Loan Note dated March 5, 2003 made by 731 Residential LLC and 731 Commercial LLC in favor of HVB, in the principal amount of \$215,000,000.00, which was endorsed and assigned by HVB to Hypo on December 4, 2003 (the "EXISTING BUILDING LOAN NOTE") and (ii) secured by, inter alia, that certain Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement (Series No. 1), dated as of July 3, 2002, made by Borrower in favor of HVB, as agent ("Original Mortgagee") and recorded on September 25, 2002 in the Office of the Register of the City of New York, County of New York ("REGISTER'S OFFICE") in Reel 3617 Page 2024, and that certain

Gap Mortgage, dated as of March 5, 2003, in the principal amount of \$159,500,000 made by Borrower to Original Mortgagee and recorded on May 1, 2003 in CRFN #2003000112521 in the Register's Office, as consolidated, amended and restated by that certain Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Rents and Leases and Security Agreement, dated as of March 5, 2003, to form a single consolidated lien in the principal amount of \$215,000,000 made by Borrower to Original Mortgagee and recorded on May 1, 2003 in CRFN#2003000112522 in the Register's Office, which consolidated, amended and restated mortgage in the consolidated principal amount of \$215,000,000.00 was assigned by Original Mortgagee to Agent pursuant to that certain Assignment of Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Rents and Leases and Security Agreement dated as of December 4, 2003 and intended to be recorded in the Register's Office (said consolidated, amended and restated mortgage as so assigned, the "EXISTING BUILDING LOAN MORTGAGE").

WHEREAS, the total principal amount of the Building Loan has been fully funded and the outstanding principal amount of the Existing Building Loan Note which is secured by the Existing Building Loan Mortgage is \$215,000,000.00.

WHEREAS, the Supplemental Loan or so much thereof advanced and outstanding as of the date of this Amendment, which is \$22,940,962.00 (the "ADVANCED SUPPLEMENTAL LOAN AMOUNT"), is (i) evidenced by that certain Consolidated, Amended and Restated Supplemental Loan Note (No. 3), dated January 28, 2004, made by Borrower in favor of Hypo in the principal amount of \$22,940,962.00 (the "EXISTING SUPPLEMENTAL LOAN NOTE") and (ii) secured by that certain Consolidated, Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3), dated as of January 28, 2004, made by Borrower in favor of Agent and intended to be recorded in the Register's Office (the "EXISTING SUPPLEMENTAL LOAN MORTGAGE").

WHEREAS, the Project Loan or so much thereof advanced and outstanding as of the date of this Amendment, which is \$15,587,546.00 (the "ADVANCED PROJECT LOAN AMOUNT"), is (i) evidenced by that certain Consolidated, Amended and Restated Supplemental Loan Note (No. 3), dated January 28, 2004, made by Borrower in favor of Hypo in the principal amount of \$15,587,546.00 (the "EXISTING PROJECT LOAN NOTE") and (ii) secured by that certain Consolidated, Amended and Restated Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3), dated as of January 28, 2004, made by Borrower in favor of Agent and intended to be recorded in the Register's Office (the "EXISTING PROJECT LOAN MORTGAGE").

WHEREAS, concurrently herewith, the parties hereto are entering into a Note and Mortgage Modification and Severance Agreement (the "SEVERANCE AGREEMENT") pursuant to which (i) the indebtedness evidenced by the Existing Building Loan Note is being split and modified into two separate indebtednesses of \$90,000,000.00 and \$125,000,000.00, respectively, and the Existing Building Loan Note is being replaced and restated in its entirety by two substitute building loan mortgage notes, one in the principal amount of \$90,000,000.00 ("SUBSTITUTE BUILDING LOAN NOTE A") and the other in the principal amount of \$125,000,000.00 ("SUBSTITUTE BUILDING LOAN NOTE B") and (ii) the consolidated lien of the Existing Building Loan Mortgage is being split and modified into two separate liens securing such separate indebtednesses of \$90,000,000.00 and \$125,000,000.00, respectively, and the Existing Building

Loan Mortgage is being replaced in its entirety by two substitute building loan mortgages, assignments of leases and rents and security agreements, one in the principal amount of \$90,000,000.00 ("SUBSTITUTE BUILDING LOAN MORTGAGE A") securing Substitute Building Loan Note A, and the other in the principal amount of \$125,000,000.00 ("SUBSTITUTE BUILDING LOAN MORTGAGE B") securing Substitute Building Loan Note B.

WHEREAS, pursuant to Section 4.1.37 of the Existing Building Loan Agreement, the Original Mortgaged Premises were subjected to a declaration (the "DECLARATION") establishing a plan for condominium ownership of the Original Mortgaged Premises under the Condominium Act, dated December 4, 2003, which was recorded on February 3, 2004 in the City Register's Office, New York County as CRFN#2004000064392, and the Existing Building Loan Mortgage was or concurrently herewith will be subordinated to the Declaration so that the description of the property now encumbered by the lien of the Existing Building Loan Mortgage is as set forth on Part II of Exhibit A hereto.

WHEREAS, concurrently herewith, Agent and Lender are entering into (i) a Partial Release of Lien of Mortgaged Premises No. 1 pursuant to which the condominium units created pursuant to the Declaration and more particularly described as "Office Unit 1" and "Office Unit 2" on Part II of Exhibit A hereto (hereinafter referred to, respectively, as the "BLP UNIT" and the "OFFICE SPEC UNIT") are being released from the lien of Substitute Building Loan Note Mortgage A, (ii) a Partial Release of Lien of Mortgaged Premises No. 2 pursuant to which the condominium units created pursuant to the Declaration and more particularly described as "Retail Unit" and "Residential Unit" on Part II of Exhibit A hereto (said Units being hereinafter referred to, respectively, as the "RETAIL UNIT" and the "MASTER RESIDENTIAL UNIT", and collectively as the "REMAINING PREMISES") are being released from the lien of Substitute Building Loan Note Mortgage B and Residential Owner is being released from its obligations and liabilities under Substitute Building Loan Note B and Substitute Building Loan Mortgage B, (iii) a Partial Release of Lien of Mortgaged Premises No. 3 pursuant to which the Remaining Premises are being released from the lien of Existing Supplemental Loan Mortgage and Residential Owner is being released from its obligations and liabilities under the Existing Supplemental Loan Note and Existing Supplemental Loan Mortgage and (iv) a Partial Release of Lien of Mortgaged Premises No. 4 pursuant to which the Remaining Premises are being released from the lien of Existing Project Loan Mortgage and Residential Owner is being released from its obligations and liabilities under the Existing Project Loan Note and Existing Project Loan Mortgage.

WHEREAS, concurrently herewith Borrower, Agent and Lender are entering into a certain Second Amendment to Building Loan Agreement dated as of the date (the "SECOND BLA AMENDMENT" and the Existing Building Loan Agreement, as amended by the Second BLA Amendment, being hereinafter referred to as the "BUILDING LOAN AGREEMENT").

WHEREAS, concurrently herewith, after giving effect to the aforesaid Partial Releases, Agent is assigning (the "ASSIGNMENT TRANSACTION") to German American Capital Corporation (the "BLP UNIT LENDER") (i) the Substitute Building Loan Note B and Substitute Building Loan Mortgage B, (ii) the Existing Supplemental Loan Note and the Existing Supplemental Loan Mortgage and (iii) the Existing Project Loan Note and the Existing Project

Loan Mortgage, and BLP Unit Lender is modifying the same which will no longer be governed by the terms of the Existing Loan Agreement.

WHEREAS, Borrower has requested that Agent and Lenders reduce the undisbursed amount of the Supplemental Loan and the amount to the Project Loan by an aggregate amount roughly corresponding to the Additional Cash Collateral (as defined in the Second BLA Amendment).

WHEREAS, Borrower has also requested that Borrower have the right, at its option, to use a portion of the proceeds of the Supplemental Loan and/or the Project Loan to fund direct Advances to the Borrower secured by direct mortgages to be made by Borrower to Agent encumbering the Property (as hereinafter defined) in the same manner as Building Loan proceeds were disbursed to Borrower pursuant to the Existing Building Loan Agreement, rather than for the purpose of acquiring Spread Mortgages and Spread Notes as now provided for in the Existing Project Loan Agreement; and

WHEREAS, Borrower, Agent and Lenders wish to amend the Existing Supplemental Loan Agreement, the Existing Project Loan Agreement and other Loan Documents (excluding the Building Loan Agreement) to accomplish the foregoing, all upon the terms and provisions and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreements set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

A G R E E M E N T:

Section 1. Definitions. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Building Loan Agreement.

Section 2. Changed Loan Amounts. The principal amount of the Supplemental Loan is hereby reduced to be a principal amount of up to EIGHTY-TWO MILLION FOUR HUNDRED THOUSAND and NO/100 DOLLARS (\$82,400,000.00) or so much thereof as may be advanced pursuant to the Existing Supplemental Loan Agreement as modified by this Amendment; the principal amount of the Project Loan is hereby reduced to be a principal amount of up to SIXTY-FOUR MILLION SIX HUNDRED THOUSAND and NO/100 DOLLARS (\$64,600,000.00) or so much thereof as may be advanced pursuant to the Existing Project Loan Agreement as modified by this Amendment; and the principal amount of the Building Loan that remains outstanding after giving effect to the Assignment Transactions is NINETY MILLION and NO/100 DOLLARS (\$90,000,000.00). Wherever references are made in any of the Loan Documents to the principal amounts of the Building Loan, Supplemental Loan and/or Project Loan as being \$215,000,000, \$182,254,919.00 and \$92,745,081, respectively, such references shall be deemed to be the relevant respective amounts set forth in this Section 2 of this Amendment and are hereby so amended.

Section 3. Specific Amendments to the Existing Supplemental Loan Agreement.

(a) In Section 1.1 of the Existing Supplemental Loan Agreement, the definitions are hereby amended as follows:

(i) "BUILDING LOAN" shall mean the loan made by Lenders to Borrower pursuant to the Existing Building Loan Agreement in the principal amount of \$215,000,000.00, or so much thereof as remains outstanding under the Building Loan Note.

(ii) "BUILDING LOAN AMOUNT" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00), or so much thereof as remains outstanding under the Building Loan Note. It being acknowledged that after the assignment of Substitute Building Loan Note B and Substitute Building Loan Mortgage B to the BLP Unit Lender, the amount that will remain outstanding on the Building Loan will be NINETY MILLION and NO/100 DOLLARS (\$90,000,000.00).

(iii) "BUILDING LOAN MORTGAGE" shall mean the Existing Building Loan Mortgage prior to the date of the Second BLA Amendment and the assignment of Substitute Building Loan Mortgage B to BLP Unit Lender, and upon such assignment shall mean the Substitute Building Loan Mortgage A, encumbering the Remaining Premises.

(iv) "GUARANTY" shall mean, collectively, the Guaranty of Completion, the Guaranty of Carrying Costs, each Guaranty of Limited Recourse Obligations and the Additional Alexander's Guaranty.

(v) The definition of "PROPERTY" in Section 1.1 of the Existing Supplemental Loan Agreement is hereby amended to delete the word "Residential" where it appears in each case before the word "Unit" and to add the following sentence at the end of such definition:

"Notwithstanding the foregoing, for the purposes of Article V of the Building Loan Agreement and of each of the Guaranties and the Environmental Indemnity, references therein to "Property" shall be deemed to continue to refer to the "Property" as defined in and encumbered by the Existing Building Loan Mortgage, prior to giving effect to any such release."

(vi) At the end of the definition of "Supplemental Loan Mortgage" add the following: "and any new mortgage(s) on the Property given by Borrower to Agent directly secure the Supplemental Loan".

(b) All references in Sections 2.1.1(a) and 2.1.3 of the Existing Supplemental Loan Agreement to "ONE HUNDRED EIGHTY TWO MILLION TWO HUNDRED FIFTY-FOUR THOUSAND NINE HUNDRED NINETEEN and NO/100 DOLLARS (\$182,254,919.00)" are hereby deleted and replaced with EIGHTY-TWO MILLION FOUR HUNDRED THOUSAND and NO/100 DOLLARS (\$82,400,000.00).

(c) Section 2.1.4 of the Existing Supplemental Loan Agreement is hereby amended to provide for, at Borrower's option, the funding of the proceeds of the Supplemental Loan directly to Borrower in the same manner in which Advances were made to Borrower pursuant to the Building Loan Agreement provided that Borrower execute and deliver to Agent a Supplemental Loan Note and Supplemental Loan Mortgage for the amount to be funded in addition to satisfying the other conditions to Advances set forth in the Existing Supplemental Loan Agreement (except to the extent that any of those conditions are only applicable where a Spread Mortgage would be acquired rather than for a direct Supplemental Loan Mortgage), as well as satisfying all of the Collateral Disbursement Conditions (as defined in the Cash Collateral Agreement) under the Cash Collateral Agreement as though the disbursement of such proceeds were a disbursement of Supplemental Cash Collateral, and, in addition, the following conditions shall be satisfied:

(i) The Supplemental Loan Mortgage shall constitute a valid second lien on the Property for the full amount of the Supplemental Loan advanced to and including the date of the Advance, free and clear of all liens except for Permitted Encumbrances. In connection with each subsequent Advance of the Supplemental Loan (after the initial Advance thereof) that is secured by a direct Supplemental Mortgage, Agent shall have been furnished with a title endorsement to the Title Insurance Policy issued to Agent and Lenders in connection with the initial Advance of the Supplemental Loan which endorsement shall state that since the last disbursement of the Loan there have been no changes in the state of title to the Property (other than Permitted Encumbrances) and that there are no additional survey exceptions not previously approved by Agent; and

(ii) Borrower shall pay any and all mortgage recording taxes payable in connection with the recording of the Supplemental Loan Mortgage.

(d) Section 2.1.8 of the Existing Supplemental Loan Agreement is hereby amended to delete the text in the first sentence thereof beginning with the words "provided that such amount" to the end of that sentence.

(e) Section 2.1.9(d) of the Existing Supplemental Loan Agreement is hereby amended and restated as follows:

"Borrower shall have submitted a Draw Request for such Advance and for a disbursement of Supplemental Cash Collateral under (and as defined in) the Cash Collateral Agreement, and all conditions precedent to Agent's making such disbursement under the Cash Collateral Agreement shall have been satisfied (assuming for such purposes only that the requested Advance is being made).

(f) Section 2.1.13 of the Existing Supplemental Loan Agreement is hereby amended to eliminate the references to "through the date of the Draw Request for such Advance plus \$10,000,000" in each place where it appears and to delete the last sentence of said Section, it being the intention of the parties that subject to all other conditions to the disbursement of proceeds of the Supplemental Loan to acquire Spread Mortgage(s) and Spread Mortgage Note(s), the aggregate amount of all such Mortgages and Notes shall not exceed the aggregate amount of

undisbursed proceeds of the Supplemental Loan less the amount of any direct mortgages given by Borrower pursuant to Section 2.1.4 of the Supplemental Loan Agreement.

(g) In Section 2.1.13(b) of the Existing Supplemental Loan Agreement, the reference to "\$275,000,000" wherever it appears is hereby deleted and "237,000,000" is inserted in its place.

Section 4. Specific Amendments to the Existing Project Loan Agreement.

(a) In Section 1.1 of the Existing Project Loan Agreement, the definitions of "Building Loan Amount", "Project Loan Mortgage" and "Supplemental Loan Costs" are hereby amended as follows:

(i) "BUILDING LOAN" shall mean the loan made by Lenders to Borrower pursuant to the Existing Building Loan Agreement in the principal amount of \$215,000,000.00, or so much thereof as remains outstanding under the Building Loan Note.

(ii) "BUILDING LOAN AMOUNT" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00), or so much thereof as remains outstanding under the Building Loan Note. It being acknowledged that after the assignment of Substitute Building Loan Note B and Substitute Building Loan Mortgage B to the BLP Unit Lender, the amount that will remain outstanding on the Building Loan will be NINETY MILLION and NO/100 DOLLARS (\$90,000,000.00).

(iii) "BUILDING LOAN MORTGAGE" shall mean the Existing Building Loan Mortgage prior to the date of the Second BLA Amendment and the assignment of Substitute Building Loan Mortgage B to BLP Unit Lender, and upon such assignment shall mean the Substitute Building Loan Mortgage A, encumbering the Remaining Premises.

(iv) "GUARANTY" shall mean, collectively, the Guaranty of Completion, the Guaranty of Carrying Costs, each Guaranty of Limited Recourse Obligations and the Additional Alexander's Guaranty.

(v) The definition of "PROPERTY" in Section 1.1 of the Existing Project Loan Agreement is hereby amended to delete the word "Residential" where it appears in each case before the word "Unit" and to add the following sentence at the end of such definition:

"Notwithstanding the foregoing, for the purposes of Article V of the Building Loan Agreement and of each of the Guaranties and the Environmental Indemnity, references therein to "Property" shall be deemed to continue to refer to the "Property" as defined in and encumbered by the Existing Building Loan Mortgage, prior to giving effect to any such release.

(vi) At the end of the definition of "Project Loan Mortgage" add the following:

"and any new mortgage(s) on the Property given by Borrower to Agent directly secure the Project Loan".

(vii) The following defined term is added in proper alphabetical order: "SECOND OMNIBUS AMENDMENT" shall mean that certain Second Omnibus Amendment to Loan Documents dated as of February ____, 2004 between Borrower, Agent and the Lenders signatory thereto.

(viii) The defined terms set forth in the Recitals to this Amendment shall be added to the definitions set forth in Section 1.1 of the Existing Building Loan Agreement, as the same are amended pursuant to paragraph (a) above, as though each such defined term was set forth in proper alphabetical order with the other definitions in said Section

1.1, and each provided that it "shall have the meaning as set forth in the Second Omnibus Amendment".

(ix) The principles of construction set forth in Section

1.2 of the Existing Supplemental Loan Agreement shall be applicable to this Amendment as if the terms and provisions of said Section 1.2 were set forth at length herein. References in the Existing Building Loan Agreement to "this Agreement" "herein," "hereof" or terms of similar import shall refer to the Existing Building Loan Agreement, as amended by this Amendment and as the same may, from time to time, hereafter be amended, modified, extended, supplemented or restated and shall include all Addendums, Schedules and Exhibits hereto and thereto. All references in the Original Loan Agreement to "this Agreement," "herein," "hereof" or terms of similar import shall refer to the Loan Agreement.

(b) All references in Sections 2.1.1(a) and 2.1.3 of the Existing Project Loan Agreement to "NINETY TWO MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND EIGHTY-ONE and NO/100 DOLLARS (\$92,745,081)" are hereby deleted and replaced with SIXTY-FOUR MILLION SIX HUNDRED THOUSAND and NO/100 DOLLARS (\$64,600,000.00).

(c) Section 2.1.4 of the Existing Project Loan Agreement is hereby amended to provide for, at Borrower's option, the funding of the proceeds of the Project Loan directly to Borrower in the same manner in which Advances were made to Borrower pursuant to the Building Loan Agreement provided that Borrower execute and deliver to Agent a Project Loan Note and Project Loan Mortgage for the amount to be funded in addition to satisfying the other conditions to Advances set forth in the Existing Project Loan Agreement (except to the extent that any of those conditions are only applicable where a Spread Mortgage would be acquired rather than for a direct Project Loan Mortgage), as well as satisfying all of the Collateral Disbursement Conditions (as defined in the Cash Collateral Agreement) under the Cash Collateral Agreement as though the disbursement of such proceeds were a disbursement of Project Cash Collateral, and, in addition, the following conditions shall be satisfied:

(i) The Project Loan Mortgage shall constitute a valid second lien (until such time as a Supplemental Loan Mortgage is made and, thereafter, a valid third lien) on the Property for the full amount of the Project Loan advanced to and including the date of the Advance, free and clear of all liens except for Permitted Encumbrances. In connection with each subsequent Advance of the Project Loan (after the initial Advance thereof) that is secured by a direct Project Mortgage, Agent shall have been furnished with a title

endorsement to the Title Insurance Policy issued to Agent and Lenders in connection with the initial Advance of the Project Loan which endorsement shall state that since the last disbursement of the Loan there have been no changes in the state of title to the Property (other than Permitted Encumbrances) and that there are no additional survey exceptions not previously approved by Agent; and

(ii) Borrower shall pay any and all mortgage recording taxes in connection with the recording of the Project Loan Mortgage.

(d) Section 2.1.8 of the Existing Project Loan Agreement is hereby amended to delete the text in the first sentence thereof beginning with the words "provided that such amount" to the end of that sentence.

(e) In Section 2.1.13(b) of the Existing Project Loan Agreement, the reference to "\$275,000,000" is hereby deleted and "\$237,000,000" is inserted in its place.

Section 5. Approved Budget. The parties hereto acknowledge and confirm that Borrower has submitted to Agent a revised Project Budget showing the direct and indirect costs estimated to be incurred by Borrower to achieve Completion of the Improvements to be \$237,000,000 and a revised Loan Budget for Agent's approval, and Agent has approved the same. Agent further acknowledges and confirms that the proceeds of the Loan may continue to be used to pay for Hard Costs, Soft Costs and Project Loan Costs, as appropriate, in connection with the entire Improvement subject to and in accordance with the Loan Agreement despite the release of the BLP Unit and the Office Spec Unit on the date hereof.

Section 6. Lien Priority of Project Loan Mortgage. Notwithstanding anything to the contrary contained in any Loan Documents, until such time as a Supplemental Mortgage shall exist, any Project Loan Mortgage shall constitute and grant to Agent a second priority lien on the Property. As a condition to the initial Advance of the Supplemental Loan, Borrower and Agent shall enter into a subordination agreement or an amended and restated Project Loan Mortgage containing a provision whereby the then existing Project Loan Mortgage shall be subordinated to the lien of the Supplemental Mortgage.

Section 7. Borrower's Representations and Warranties. Borrower represents, warrants and certifies to Agent and Lenders, that as of the date hereof:

(i) The obligations of the Borrower to repay the Loan (with interest as set forth in the Loan Documents) to the Lender and to perform or otherwise satisfy Borrower's other obligations under the Loan Documents, as well as the security interest in the Property granted by the Borrower to the Lender under the Loan Agreement, the Mortgage and the other Loan Documents (A) each remain and shall continue in full force and effect, both before and after giving effect to this Amendment and/or to the Second BLA Amendment, (B) are not subject as of the date of this Amendment to any defense, counterclaim, setoff, right or recoupment, abatement, reduction or other claim or determination, and (C) are and shall continue to be governed by the terms and provisions of the Loan Agreement and the other Loan Documents as supplemented, modified and amended by this Amendment and the Second BLA Amendment.

(ii) All representations and warranties contained in the Existing Supplemental Loan Agreement, the Existing Project Loan Agreement and the other Loan Documents are true and correct in all material respects as of the date of this Amendment.

(iii) No material Default and no Event of Default has occurred and is continuing.

Section 8. Authorization, Conflicts, Enforceability. Borrower further represents, warrants and certifies to Agent and Lenders that the execution, delivery, and performance of this Amendment and the other documents which are being executed and delivered in connection herewith by the Borrower have been duly authorized, executed and delivered by Borrower and will not conflict with, result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any of Borrower's organizational documents or any agreement or instrument to which Borrower is a party or by which it is bound, or any order or decree applicable to Borrower, or result in the creation or imposition of any lien on any of Borrower's assets or property (other than pursuant to the Loan Documents).

Section 9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to Article VIII of the Existing Building Loan Agreement (and no other Person shall be deemed a benefited party hereunder under any circumstances).

Section 10. No Further Modification. Except as modified and amended by this Amendment and the Second BLA Amendment, the Loan, the Loan Agreement, the Note (other than Existing Supplemental Note and Existing Project Loan Note) and the other Loan Documents and the obligations of Lender, Borrower and Guarantor thereunder shall remain unmodified and in full force and effect. Wherever reference is made in any Loan Document to the Building Loan Agreement, it shall be deemed to mean the Existing Building Loan Agreement as amended by the Second BLA Amendment, and as the same may be amended from time to time in accordance with its terms and wherever reference is made any Loan Document to any of the other Loan Documents, it shall be deemed to mean such other Loan Document as the same may be amended by this Amendment, and as the same may be amended from time to time in accordance with its terms.

Section 11. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement.

Section 12. Section Headings. The Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 13. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 14. Consent, Ratification and Agreement by Guarantors. By their signatures below, each of the Guarantors hereby agrees as follows:

(a) Each of the Guarantors consents to the foregoing Amendment as well as to the Second BLA Amendment (a true copy of which each Guarantor hereby confirms having received and reviewed), ratifies and confirms all of the terms and provisions set forth in their respective Guaranties and that their respective liability under said Guaranties continues without impairment or limitation by reason of this Amendment or the Second BLA Amendment.

(b) Each of the Guarantors agrees that wherever references are made in any of the Guaranties to the principal amounts of the Building Loan, Supplemental Loan and/or Project Loan as being \$215,000,000.00, \$182,254,919.00 and \$92,745,081.00, respectively, such references shall be deemed to be the relevant respective amounts set forth in Section 2 of this Amendment. In addition, wherever reference is made in any Guaranty to the Building Loan Agreement, it shall be deemed to mean the Existing Building Loan Agreement as amended by the Second BLA Amendment, and as the same may be amended from time to time in accordance with its terms and wherever reference is made in the Guaranty to any of the other Loan Documents, it shall be deemed to mean such Loan Document as the same may be amended by this Amendment, and as the same may be amended from time to time in accordance with its terms.

(c) Each of the Guarantors and the Borrower acknowledge that, at Borrowers' request, Agent has agreed to subordinate the lien of the Mortgage on the Office Spec Unit to that certain Declaration of Restrictive Covenants and Agreement among Commercial Owner, 731 Office One LLC, and German American Capital Corporation and each of the Guarantor's and Residential Owner hereby consent to the same. In addition, each of the Guarantors and Borrowers hereby acknowledge and agree that Agent may, at any time in Agent's sole discretion, release the Office Spec Unit from the lien of the Mortgage and any other Loan Documents securing the indebtedness evidenced by the Note, without regard to whether any of the conditions set forth in Section 6 of the Second BLA Amendment have been satisfied and without impairing any of its other rights or the obligations of Borrowers under the Loan Documents and of Guarantors under the respective Guaranties.

Section 15. Governing Law. The governing law provisions of Section 10.3(A) of the Existing Building Loan Agreement are incorporated herein by reference as though fully set forth.

Section 16. Mutatis Mutandis. To the extent necessary to effectuate that amendments intended by the foregoing provisions of this Amendment and the Second BLA Amendment, each of the Loan Documents (other than the Existing Building Loan Agreement as amended by the Second BLA Amendment) is hereby deemed modified and amended, mutatis mutandis, and the parties hereto agree to enter into such amendments to such Existing Loan Documents as may be reasonably required in order to confirm the foregoing.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

731 COMMERCIAL LLC, a Delaware limited liability company

By: 731 Commercial Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

731 RESIDENTIAL LLC, a Delaware limited liability company

By: 731 Residential Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

AGENT:

**HYPO REAL ESTATE CAPITAL
CORPORATION, AS AGENT**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ William J. Rogers

Name: William J. Rogers
Title: Managing Director

LENDER:

**HYPO REAL ESTATE CAPITAL
CORPORATION**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ William J. Rogers

Name: William J. Rogers
Title: Managing Director

Lending Office:

622 Third Avenue 29th Floor New York, New York 10017 Attention: Real Estate Lending

CONSENTED AND AGREED TO:

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland business trust

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Executive Vice President,
Financing and Administration

ALEXANDER'S, INC.,
a Delaware corporation

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

ACKNOWLEDGMENT

Acknowledgment for Borrower:

STATE OF _____)

) ss.:

COUNTY OF _____)

On the ____ day of February in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual(s) made such appearance before the undersigned in the City/Town of _____, County of _____, and State of _____.

Signature & office of individual taking the acknowledgement

Acknowledgment for Agent:

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

On the ____ day of February 2004, before me, the undersigned, a notary public in and for said state, personally appeared _____ and _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their capacities, and that by their signatures on the instrument, the individuals, or the person upon behalf of which the individuals acted, executed the instrument.

Signature & office of individual
taking the acknowledgement

Acknowledgment for Lender:

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

On the ____ day of February 2004, before me, the undersigned, a notary public in and for said state, personally appeared _____ and _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their capacities, and that by their signatures on the instrument, the individuals, or the person upon behalf of which the individuals acted, executed the instrument.

Signature & office of individual taking the acknowledgement

Acknowledgment for Guarantors

STATE OF _____)
) ss.:
COUNTY OF _____)

On the ____ day of February in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual(s) made such appearance before the undersigned in the City/Town of _____, County of _____, and State of _____.

Signature & office of individual taking the acknowledgement

STATE OF _____)
) ss.:
COUNTY OF _____)

On the ____ day of February in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual(s) made such appearance before the undersigned in the City/Town of _____, County of _____, and State of _____.

Signature & office of individual taking the acknowledgement

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PART I

RESIDENTIAL PARCEL

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE, westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

COMMERCIAL PARCEL

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of East 58th Street with the easterly side of Lexington Avenue;

RUNNING THENCE northerly, along the easterly line of Lexington Avenue 200 feet 10 inches to the corner formed by the intersection of the southerly line of East 59th Street with the easterly line of Lexington Avenue;

THENCE easterly, along the southerly line of East 59th Street, 420 feet 0 inches to the corner formed by the intersection of the southerly line of East 59th Street with the westerly line of Third Avenue;

THENCE southerly, along the westerly line of Third Avenue, 200 feet 10 inches to the corner formed by the intersection of the northerly line of East 58th Street with the westerly line of Third Avenue;

THENCE westerly, along the northerly line of East 58th Street, 420 feet to the point or place of BEGINNING.

LESS AND EXCEPT:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

SAID RESIDENTIAL PARCEL AND COMMERCIAL PARCEL DESCRIBED IN PART I OF THIS EXHIBIT A BEING ONE AND THE SAME AS THE FOLLOWING PROPERTY DESCRIBED IN PART II OF THIS EXHIBIT A

PART II

(OFFICE UNIT 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(RETAIL UNIT)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Retail Unit" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1001 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 13.2894% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(OFFICE UNIT 2)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(RESIDENTIAL UNIT)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Residential Unit" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1004 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 23.6452% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

FIRST AMENDMENT TO BUILDING LOAN AGREEMENT

Dated as of March 5, 2003

Between

731 COMMERCIAL LLC and 731 RESIDENTIAL LLC, collectively, as Borrower,

and

**BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH,
as Agent,**

and

**THE LENDERS NAMED HEREIN,
as Lenders**

Location: 731 Lexington Avenue
New York, New York

County: New York County

**TO BE FILED WITH THE COUNTY CLERK
OF NEW YORK COUNTY, NEW YORK**

FIRST AMENDMENT TO BUILDING LOAN AGREEMENT

THIS FIRST AMENDMENT TO BUILDING LOAN AGREEMENT, dated as of March 5, 2003 (this "AMENDMENT"), between 731 COMMERCIAL LLC ("COMMERCIAL OWNER") and 731 RESIDENTIAL LLC ("RESIDENTIAL OWNER"), each a Delaware limited liability company, having its principal place of business at 888 Seventh Avenue, New York, New York 10019, collectively as Borrower ("BORROWER"), and BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH, a German banking corporation organized under the laws of the Federal Republic of Germany, having an address at 622 Third Avenue, New York, New York 10017, as administrative agent (including any of its successors and assigns, "AGENT") for itself and the other Lenders signatory hereto (collectively, together with such other co-lenders as may exist from time to time, "LENDERS").

WITNESSETH:

WHEREAS, pursuant to the terms and provisions and subject to the conditions set forth in that certain Building Loan Agreement dated as of July 3, 2002 between Borrower, Agent and Lenders signatory thereto filed on July 9, 2002 as Index No. 150 in the County Clerk's Office of New York County (the "EXISTING BUILDING LOAN AGREEMENT"), Lender has agreed to make advances of a certain building loan to Borrower in the aggregate principal sum of up to Two Hundred Million and no/100 Dollars (\$200,000,000.00) (the "EXISTING BUILDING LOAN AMOUNT" or "EXISTING BUILDING LOAN") for Building Loan Costs (as hereinafter defined) related to the construction of the Improvements (as hereinafter defined) on the property described on Exhibit A hereto.

WHEREAS, Borrower, Agent and Lenders wish to amend the Existing Building Loan Agreement to increase the amount of the Building Loan, all upon the terms and provisions and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreements set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT:

Section 1. Definitions.

(a) In Section 1.1 of the Existing Building Loan Agreement, the definitions of "Building Loan Amount" and "Capped Libor Rate" are hereby amended and restated as follows:

"BUILDING LOAN AMOUNT" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00).

"CAPPED LIBOR RATE" shall mean 4.5%.

(b) All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Existing Building Loan Agreement.

Section 2. Building Loan Amount. The Building Loan Amount is hereby increased to \$215,000,000.00. Accordingly, (i) all references in Sections 2.1.1(a) and 2.1.3 of the Existing Building Loan Agreement to "TWO HUNDRED MILLION DOLLARS (\$200,000,000)" are hereby deleted and replaced with TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00)" and (ii) all references in Section 2.9.2(o) of the Existing Building Loan Agreement to "\$144,500,000" are hereby deleted and replaced with "\$159,500,000".

Section 3. Bloomberg Reimbursables.

(a) As a result of additional work to be performed by Commercial Owner for Bloomberg pursuant to the Bloomberg Lease for which Bloomberg is obligated to reimburse Commercial Owner (such work, including, without limitation, any future work that Bloomberg requests be performed under the Bloomberg Lease and that Bloomberg is required to pay for, being herein referred to as the "Bloomberg Reimbursable Work" and the cost of such work being herein referred to as the "Bloomberg Reimbursable Cost"), the undisbursed proceeds of the Building Loan and Supplemental Loan are insufficient to pay the remaining Hard Costs and Soft Costs (which include the Bloomberg Reimbursable Cost). Borrower agrees that none of the Bloomberg Reimbursable Work shall form the basis of a requisition for Building Loan Proceeds or a disbursement of Cash Collateral and that Borrower shall pay for the Bloomberg Reimbursable Costs out of its own funds and seek reimbursement for the same directly from Bloomberg pursuant to the Bloomberg Lease.

(b) Borrower further agrees that, as part of Borrower's Requisition, Borrower shall provide Agent with a written statement, which shall be in the form annexed hereto as Schedule 1, of Borrower and Construction Manager stating whether the completed Application and Certificate for Payment (AIA Document G702) (an "Application for Payment") being submitted as part of Borrower's Requisition covers any Bloomberg Reimbursable Work, and, if so, the Construction Manager's and the Borrower's reasonable estimate of the amount of the Bloomberg Reimbursable Cost attributable to such work. Borrower shall pay for all Bloomberg Reimbursable Work directly and agrees that, as a condition to any subsequent Advance or disbursement of Cash Collateral, Borrower shall furnish to Agent lien waivers and payment receipts for the Bloomberg Reimbursable Work covered by an Application for Payment in the prior month. To the extent, if any, that Lender disburses proceeds of the Loan to pay for work which has been or should have been paid for by Bloomberg under the Bloomberg Lease, Borrower agrees to reconcile such discrepancy as part of the next Draw Request or to deposit with Agent the difference in the same manner as provided for with respect to a Shortfall pursuant to Section 2.1.11 of the Building Loan Agreement.

(c) Lender and Agent agree that it will not invoke the provisions of Section 2.1.11 of the Existing Building Loan Agreement or the other Loan Agreements, to the extent that any Shortfall is attributable to the Bloomberg Reimbursable Cost.

Section 4. Prefabrication Deposits. In connection with the second advance of Building Loan proceeds, Lender is advancing \$12,100,000 to pay for Prefabrication Deposits, notwithstanding the limit set forth in Section 2.1.9(d) of the Building Loan Agreement. Lender shall not be obligated to waive such limit for any future Advances under the Building Loan Agreement.

Section 5. Interest Rate Protection Agreement.

(a) The first sentence of Section 4.1.14(a) of the Existing Building Loan Agreement is hereby amended (i) to delete the following at the beginning thereof, "Not later than six (6) months following the Closing Date or within ten (10) Business Days after request of Agent if prior to such time" and replace the same with the words "Within ten (10) Business Days after request of Agent if" and (ii) to delete the reference to "5.5%" where it appears in that first sentence and replace the same with "3%".

(b) Section 4.1.14(e) of the Existing Building Loan Agreement is hereby amended and restated to read as follows:

Borrower's failure to obtain an Interest Rate Protection Agreement in accordance with subsection (a) of this Section 4.1.14 (within ten (10) Business Days after requested to do so by Agent pursuant thereto) or Borrower's failure to comply with any or all of the other covenants set forth in this Section 4.1.14 (within ten (10) Business Days after notice thereof is given by Agent to Borrower) shall constitute an Event of Default hereunder.

Section 6. Borrower's Representations and Warranties. Borrower represents, warrants and certifies to Lender that, as of the date hereof, Fifty-Five Million Five Hundred Thousand Dollars (\$55,500,000) of Building Loan proceeds has been advanced pursuant to the Building Loan Agreement and remains outstanding under the Building Loan Note.

Section 7. Lien Law; Lien Law Affidavit.

(a) This Amendment and the Existing Building Loan Agreement, as modified hereby, are subject to the trust fund provisions of Section 13 of the Lien Law.

(b) In addition, a true statement under oath, verified by the Borrower, as required by Section 22 of the New York Lien Law is attached hereto as Attachment I and made a part hereof; and, effective on the date hereof, said Attachment I to this Amendment shall be deemed to be substituted for EXHIBIT F which is attached to the Existing Building Loan Agreement.

(c) Borrower shall cause the Title Company to deliver this Amendment and the Lien Law Statement attached hereto as Attachment I for filing in the County Clerk's Office of New York County when and as required by Section 22 of the Lien Law.

(d) Borrower is contemporaneously herewith causing the Title Insurer to deliver to the Agent an endorsement to the Title Insurance Policy indicating the filing of this Amendment without raising any title exception therefor.

Section 8. Authorization, Conflicts, Enforceability. The execution, delivery, and performance of this Amendment and the other documents which are being executed and delivered in connection herewith by the Borrower have been duly authorized, executed and delivered by Borrower and will not conflict with, result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any of Borrower's organizational documents or any agreement or instrument to which Borrower is a party or by which it is bound, or any order or decree applicable to Borrower, or result in the creation or imposition of any lien on any of Borrower's assets or property (other than pursuant to the Loan Documents).

Section 9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to Article VIII of the Existing Building Loan Agreement (and no other Person shall be deemed a benefited party hereunder under any circumstances).

Section 10. No Further Modification. Except as modified and amended by this Amendment, the Building Loan Agreement and the obligations of Agent, Lender and Borrower thereunder shall remain unmodified and in full force and effect.

Section 11. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement.

Section 12. Section Headings. The Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 13. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 14. Governing Law. The governing law provisions of Section 10.3(A) of the Existing Building Loan Agreement are incorporated herein by reference as though fully set forth.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

731 COMMERCIAL LLC, a Delaware limited liability company

By: 731 Commercial Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Joseph Macnow

*Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration*

731 RESIDENTIAL LLC, a Delaware limited liability company

By: 731 Residential Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Joseph Macnow

*Name: Joseph Macnow
Title: Executive Vice President-
Finance and Administration*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

AGENT:

**BAYERISCHE HYPO- UND
VEREINSBANK AG, NEW YORK
BRANCH**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ Anthony Mugno

Name: Anthony Mugno
Title: Director

LENDER[S]:

**BAYERISCHE HYPO- UND
VEREINSBANK AG, NEW YORK
BRANCH**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ Anthony Mugno

Name: Anthony Mugno
Title: Director

Lending Office:

622 Third Avenue 29th Floor New York, New York 10017 Attention: Real Estate Lending

ACKNOWLEDGMENT

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Joseph Macnow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ JOSEPH MACNOW

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Joseph Macnow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ JOSEPH MACNOW

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Robert Dowling, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ ROBERT DOWLING

*Signature & office of individual
taking the acknowledgement*

STATE OF NEW YORK)

SS.:

COUNTY OF NEW YORK)

On the 5 day of March 2003, before me, the undersigned, personally appeared Anthony Mugno, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

/s/ ANTHONY MUGNO

*Signature & office of individual
taking the acknowledgement*

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

RESIDENTIAL PARCEL

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE, westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

COMMERCIAL PARCEL

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of East 58th Street with the easterly side of Lexington Avenue;

RUNNING THENCE northerly, along the easterly line of Lexington Avenue 200 feet 10 inches to the corner formed by the intersection of the southerly line of East 59th Street with the easterly line of Lexington Avenue;

THENCE easterly, along the southerly line of East 59th Street, 420 feet 0 inches to the corner formed by the intersection of the southerly line of East 59th Street with the westerly line of Third Avenue;

THENCE southerly, along the westerly line of Third Avenue, 200 feet 10 inches to the corner formed by the intersection of the northerly line of East 58th Street with the westerly line of Third Avenue;

THENCE westerly, along the northerly line of East 58th Street, 420 feet to the point or place of BEGINNING.

LESS AND EXCEPT:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

Schedule 1

Statement Attached To Application and Certificate AIA Document G702

PROJECT: 731 Lexington Avenue, NY, NY APPLICATION NO.: _____

PERIOD COVERED: _____ to _____

CONTRACTOR: Bovis Lend Lease

OWNER: 731 Commercial LLC and 731 Residential LLC

The undersigned Contractor hereby states to the best of the Contractor's knowledge, information and belief that Contractor reasonably estimates the cost of the Work that is covered by the Application for Payment to which this Statement is attached, which is attributable to Work requested to be performed for Bloomberg, L.P. under that certain lease between 731 Commercial LLC and Bloomberg, L. P. dated as of April 30, 2001 (as amended) to be \$_____.

CONTRACTOR:

BOVIS LEND LEASE

By: _____ Date: _____

Statement Attached To Application and Certificate AIA Document G702 (cont.)

PROJECT: 731 Lexington Avenue, NY, NY APPLICATION NO.: _____

PERIOD COVERED: _____ to _____

CONTRACTOR: Bovis Lend Lease

OWNER: 731 Commercial LLC and 731 Residential LLC

The undersigned Owner hereby states for the benefit of Bayerische Hypo- und Vereinsbank AG, New York Branch, as Agent, to the best of the Owner's knowledge, information and belief that Owner reasonably estimates the cost of the Work that is covered by the Application for Payment to which this Statement is attached, which is attributable to Work requested to be performed for Bloomberg, L.P. under that certain lease between 731 Commercial LLC and Bloomberg, L. P.. dated as of April 30, 2001 (as amended) to be \$_____.

OWNER:

731 COMMERCIAL LLC,
a Delaware limited liability company

Date: _____

By: 731 Commercial Holding LLC,
a Delaware limited liability company,
as member

By: Alexander's, Inc.,
a Delaware corporation, member

By: _____
Name:
Title:

731 RESIDENTIAL LLC,
a Delaware limited liability company

Date: _____

By: 731 Residential Holding LLC,
a Delaware limited liability company,
as member

By: Alexander's, Inc.,
a Delaware corporation, member

By: _____
Name:
Title:

ATTACHMENT 1

AFFIDAVIT UNDER SECTION 22 OF THE LIEN LAW OF NEW YORK
(Revised March 5, 2003)

(See Attached)

5. All other expenses incurred or to be incurred in connection with the Building Loan for costs of the improvements and to be advanced pursuant to the Building Loan Agreement during the construction of the Improvement are:

Acquisition of Existing Mortgages \$55,000,000.00

TOTAL \$ 55,000,000.00

6. The amount, if any, to be advanced from the Building Loan to repay amounts previously advanced to Borrower pursuant to Notices of Lending for Costs of the Improvements is: \$0.00

7. The net sum available to Borrower from the Building Loan for the Improvements is: \$145,000,000.00

8. This affidavit is made pursuant to and in compliance with Section 22 of the Lien Law of the State of New York and is a part of the Building Loan Agreement.

9. The facts stated above and any costs itemized on this statement are true, to the knowledge of the undersigned. Such facts are verified by deponent and not by Borrower because each Borrower is a limited liability company, of which 731 Commercial Holding LLC and 731 Residential Holding LLC is the respective member. Alexander's, Inc. is the member of each of 731 Commercial Holding LLC and 731 Residential Holding LLC.

Sworn to before me this ____ day
of March ____, 2003

Notary Public

Name:

Address:

SECOND AMENDMENT TO BUILDING LOAN AGREEMENT

Dated as of February 13, 2004

Between

731 COMMERCIAL LLC and 731 RESIDENTIAL LLC, collectively, as Borrower,

and

HYPO REAL ESTATE CAPITAL CORPORATION,
as Agent,

and

THE LENDERS NAMED HEREIN,
as Lenders

Location: 731 Lexington Avenue
New York, New York

County: New York County

TO BE FILED WITH THE COUNTY CLERK
OF NEW YORK COUNTY, NEW YORK

SECOND AMENDMENT TO BUILDING LOAN AGREEMENT

THIS SECOND AMENDMENT TO BUILDING LOAN AGREEMENT, dated as of February 13, 2004 (this "AMENDMENT"), between 731 COMMERCIAL LLC ("COMMERCIAL OWNER") and 731 RESIDENTIAL LLC ("RESIDENTIAL OWNER"), each a Delaware limited liability company, having its principal place of business at 888 Seventh Avenue, New York, New York 10019, collectively as Borrower ("BORROWER"), and HYPO REAL ESTATE CAPITAL CORPORATION ("HYPO"), a Delaware corporation, having an address at 622 Third Avenue, New York, New York 10017, as administrative agent (including any of its successors and assigns, "AGENT") for itself and the other Lenders signatory hereto (collectively, together with such other co-lenders as may exist from time to time, "LENDERS").

WITNESSETH:

WHEREAS, Residential Owner, Commercial Owner, Agent (as successor agent to Bayerische Hypo- und Vereinsbank AG, New York Branch ("HVB")) and Hypo (as assignee of HVB), as Lender, are parties to that certain Building Loan Agreement dated as of July 3, 2002 between Borrower, HVB, as agent, and the lenders signatory thereto, filed on July 9, 2002 as Index No. 150 in the County Clerk's Office of New York County, as amended by that certain First Amendment to Building Loan Agreement dated as of March 5, 2003 between Borrower, HVB, as agent and the lenders signatory thereto, which was filed on March 11, 2003 as Index No. 39 in said County Clerk's Office (as so amended, the "EXISTING BUILDING LOAN AGREEMENT"), Agent agreed to administer and Lender agreed to make a building loan to Borrower in the aggregate principal sum of up to Two Hundred Fifteen Million and no/100 Dollars (\$215,000,000.00) (the "BUILDING LOAN") related to the construction of the Improvements (as hereinafter defined) on the property described on Exhibit A hereto (the "ORIGINAL MORTGAGED PREMISES").

WHEREAS, the Building Loan is (i) evidenced by that certain Consolidated, Amended and Restated Building Loan Note dated March 5, 2003 made by 731 Residential LLC and 731 Commercial LLC in favor of HVB, in the principal amount of \$215,000,000.00, which was endorsed and assigned by HVB to Hypo on December 4, 2003 (the "EXISTING BUILDING LOAN NOTE") and (ii) secured by, inter alia, that certain Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement (Series No. 1), dated as of July 3, 2002, made by Borrower in favor of HVB, as agent ("ORIGINAL MORTGAGEE") and recorded on September 25, 2002 in the Office of the Register of the City of New York, County of New York ("REGISTER'S OFFICE") in Reel 3617 Page 2024, and Gap Mortgage, dated as of March 5, 2003, in the principal amount of \$159,500,000 made by Borrower to Original Mortgagee and recorded on May 1, 2003 in CRFN #2003000112521 in the Register's Office, as consolidated, amended and restated by that certain Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Rents and Leases and Security Agreement, dated as of March 5, 2003, to form a single consolidated lien in the principal amount of \$215,000,000, made by Borrower to Original Mortgagee, and recorded on May 1, 2003 in CRFN#2003000112522 in the Register's Office, which consolidated, amended and restated mortgage in the consolidated principal amount of \$215,000,000.00 was assigned by Original

Mortgagee to Agent pursuant to that certain Assignment of Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Rents and Leases and Security Agreement, dated as of December 4, 2003, and intended to be recorded in the Register's Office (said consolidated, amended and restated mortgage as so assigned, the "EXISTING BUILDING LOAN MORTGAGE").

WHEREAS, the total principal amount of the Building Loan has been fully funded and the outstanding principal amount of the Existing Building Loan Note which is secured by the Existing Building Loan Mortgage is Two Hundred Fifteen Million and No/100 Dollars (\$215,000,000.00).

WHEREAS, concurrently herewith, the parties hereto are entering into a Note and Mortgage Modification and Severance Agreement (the "SEVERANCE AGREEMENT") pursuant to which (i) the indebtedness evidenced by the Existing Building Loan Note is being split and modified into two separate indebtednesses of \$90,000,000.00 and \$125,000,000.00, respectively, and the Existing Building Loan Note is being replaced and restated in its entirety by two substitute building loan mortgage notes, one in the principal amount of \$90,000,000.00 ("SUBSTITUTE BUILDING LOAN NOTE A") and the other in the principal amount of \$125,000,000.00 ("SUBSTITUTE BUILDING LOAN NOTE B") and (ii) the consolidated lien of the Existing Building Loan Mortgage is being split and modified into two separate liens securing such separate indebtednesses of \$90,000,000.00 and \$125,000,000.00, respectively, and the Existing Building Loan Mortgage is being replaced in its entirety by two substitute building loan mortgages, assignments of leases and rents and security agreements, one in the principal amount of \$90,000,000.00 ("SUBSTITUTE BUILDING LOAN MORTGAGE A") securing Substitute Building Loan Note A, and the other in the principal amount of \$125,000,000.00 ("SUBSTITUTE BUILDING LOAN MORTGAGE B") securing Substitute Building Loan Note B.

WHEREAS, pursuant to Section 4.1.37 of the Existing Building Loan Agreement, the Original Mortgaged Premises were subjected to a declaration (the "DECLARATION") establishing a plan for condominium ownership of the Original Mortgaged Premises under the Condominium Act, dated December 4, 2003, which was recorded on February 3, 2004 in the City Register's Office, New York County as CRFN#2004000064392, and the Existing Building Loan Mortgage was or concurrently herewith will be subordinated to the Declaration so that the description of the property now encumbered by the lien of the Existing Building Loan Mortgage is as set forth on Part II of Exhibit A hereto.

WHEREAS, concurrently herewith, Agent and Lender are entering into (i) a Partial Release of Lien of Mortgaged Premises No. 1 pursuant to which the condominium units created pursuant to the Declaration and more particularly described as "Office Unit 1" and "Office Unit 2" on Part II of Exhibit A hereto (hereinafter referred to, respectively, as the "BLP UNIT" and the "OFFICE SPEC UNIT") are being released from the lien of Substitute Building Loan Note Mortgage A and (ii) a Partial Release of Lien of Mortgaged Premises No. 2 pursuant to which the condominium units created pursuant to the Declaration and more particularly described as "Retail Unit" and "Residential Unit" on Part II of Exhibit A hereto (said Units being hereinafter referred to, respectively, as the "RETAIL UNIT" and the "MASTER RESIDENTIAL UNIT", and collectively as the "REMAINING PREMISES") are being released from the lien of Substitute Building Loan Note Mortgage B and Residential Owner is being released from its obligations and liabilities under Substitute Building Loan Note B and Substitute Building Loan Mortgage B.

WHEREAS, concurrently herewith, after giving effect to the aforesaid Partial Releases, Agent is assigning to German American Capital Corporation (the "BLP UNIT LENDER") Substitute Building Loan Note B and Substitute Building Loan Mortgage B, and BLP Unit Lender is modifying the same which will no longer be governed by the terms of the Existing Building Loan Agreement as modified hereby or the other Loan Documents.

WHEREAS, in consideration of the foregoing, Borrowers are concurrently herewith and as a condition of this Amendment, depositing with Agent cash collateral in the amount of \$90,000,000 as additional security for the Debt and entering into that certain Amendment to Cash Collateral Agreement dated the date hereof pursuant to which the existing Cash Collateral Agreement is being amended.

WHEREAS, Borrower, Agent and Lenders wish to amend the Existing Building Loan Agreement to reflect the foregoing premises, all upon the terms and provisions and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreements set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

A G R E E M E N T:

Section 1. Definitions.

(a) In Section 1.1 of the Existing Building Loan Agreement, the following definitions are hereby amended and restated to read as follows:

(i) "BUILDING LOAN" shall mean the loan made by Lenders to Borrower pursuant to the Existing Building Loan Agreement in the principal amount of \$215,000,000.00, or so much thereof as remains outstanding under the Building Loan Note.

(ii) "BUILDING LOAN AMOUNT" shall mean TWO HUNDRED FIFTEEN MILLION and NO/100 DOLLARS (\$215,000,000.00), or so much thereof as remains outstanding under the Building Loan Note. It being acknowledged that after the assignment of Substitute Building Loan Note B and Substitute Building Loan Mortgage B to the BLP Unit Lender, the amount that will remain outstanding on the Building Loan will be NINETY MILLION and NO/100 DOLLARS (\$90,000,000.00).

(iii) "BUILDING LOAN MORTGAGE" shall mean the Existing Building Loan Mortgage prior to the date of the Second Amendment and the assignment of Substitute Building Loan Mortgage B to BLP Unit Lender, and upon such assignment shall mean the Substitute Building Loan Mortgage A encumbering the Remaining Premises.

(iv) "GUARANTY" shall mean, collectively, the Guaranty of Completion, the Guaranty of Carrying Costs, each Guaranty of Limited Recourse Obligations and the Additional Alexander's Guaranty.

(b) In Section 1.1 of the Existing Building Loan Agreement, the definition of "PROPERTY" is hereby amended to delete the word "Residential" where it appears in each case before the word "Unit" and to add the following sentence at the end of such definition: "Notwithstanding the foregoing, for the purposes of Article V of the Building Loan Agreement and of each of the Guaranties and the Environmental Indemnity, references therein to "Property" shall be deemed to continue to refer to the "Property" as defined in and encumbered by the Existing Building Loan Mortgage, prior to giving effect to any such release.

(c) The defined terms set forth in the Recitals to this Amendment shall be added to the definitions set forth in Section 1.1 of the Existing Building Loan Agreement, as the same are amended pursuant to paragraphs

(a) and (b) above, as though each such defined term was set forth in proper alphabetical order with the other definitions in said Section 1.1, and each provided that it "shall have the meaning as set forth in the Second Amendment". In addition, the following definitions are hereby added to the definitions set forth in Section 1.1 of the Existing Building Loan Agreement, as amended hereby, in proper alphabetical order:

(i) "ADDITIONAL ALEXANDER'S GUARANTY" shall mean that certain Guaranty from Alexander's in favor of Agent dated as of the date hereof.

(ii) "ADDITIONAL CASH COLLATERAL" shall have the meaning as set forth in Section 6 of the Second Amendment.

(iii) "COMMERCIAL UNIT RELEASE PRICE" shall mean as to the Retail Unit, the amount required to be paid to Agent (for the ratable benefit of Lenders) for the release of the Retail Unit, which shall be equal to \$15,000,000.00 less the amount of Excess Residential Condominium Unit Sales Proceeds on the date of determination.

(iv) "EXCESS RESIDENTIAL CONDOMINIUM UNIT SALES PROCEEDS" shall mean, as of any date of determination, an amount equal to (A) the product of (I) the square footage of Residential Units under new Qualifying Contracts entered into after the date of the Second Amendment (i.e., in excess of the 44,280 square feet of Residential Units which are the subject of Qualifying Contracts in existence on the date of the Second Amendment), multiplied times (II) the amount by which the Net Sales Proceeds per square foot pursuant to such new Qualifying Contracts exceeds \$800 per square foot or (B) \$15,000,000.00, whichever is less.

(v) "SECOND AMENDMENT" shall mean that certain Second Amendment to Building Loan Agreement dated as of the date hereof between Borrower, Agent and the Lenders signatory thereto.

(d) All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Existing Building Loan Agreement. The principles of construction set forth in Section 1.2 of the Existing Building Loan Agreement shall be applicable to this Amendment as if the terms and provisions of said Section 1.2 were set forth at length herein. References in the Existing Building Loan Agreement to "this Agreement" "herein," "hereof" or terms of similar import shall refer to the Existing Building Loan Agreement, as amended by this Amendment and as the same may, from time to time, hereafter be amended, modified, extended,

supplemented or restated and shall include all Addendums, Schedules and Exhibits hereto and thereto. All references in the Original Loan Agreement to "this Agreement," "herein," "hereof" or terms of similar import shall refer to the Loan Agreement.

Section 2. Building Loan Amount. The parties hereto acknowledge and confirm that the Building Loan Amount (as defined in the Existing Building Loan Agreement) has been fully funded in the principal amount of \$215,000,000.00 pursuant to the Existing Building Loan Agreement and that Lenders have no further obligations to make any advances of the Building Loan under the Existing Building Loan Agreement as amended by this Amendment.

Section 3. Extension Option Conditions. The conditions set forth in clauses (vii) and (viii) of Section 2.1.5(b) of the Existing Building Loan Agreement are hereby eliminated as conditions to the Borrower's exercising its option to extend the Loan for the First Extension Period pursuant to said Section 2.1.5(b) and as conditions to the Borrower's exercising its option to extend the Loan for the Second Extension Period pursuant to Section 2.1.5(c) of the Existing Building Loan Agreement.

Section 4. Loan Balancing. Agent agrees that in determining whether any Shortfall exists under Section 2.1.11 of the Building Loan Agreement, it shall take into consideration the amount of Cash Collateral it is holding at the time of determination.

Section 5. Bloomberg Financials. Section 4.1.6(f) of the Existing Building Loan Agreement is hereby deleted, and "intentionally deleted" is inserted in its place.

Section 6. Commercial Unit Release. Section 4.1.37(i) of the Existing Building Loan Agreement is hereby amended to delete, "Intentionally omitted" and to insert in its stead the following new subsection (i):

"(i) (A) Provided that no Event of Default exists under this Agreement, Agent shall release the Retail Unit from the lien of the Building Loan Mortgage, Supplemental Loan Mortgage and Project Loan Mortgage and all other Loan Documents securing the indebtedness evidenced by the Building Loan Note, the Supplemental Loan Note and the Project Loan Note (and from any UCC-1 financing statements executed by Borrower in favor of Agent covering such Units) and Commercial Owner from the obligations and liabilities thereafter arising under this Agreement, the Building Loan Mortgage, Supplemental Loan Mortgage and Project Loan Mortgage and all other Loan Documents securing the indebtedness evidenced by the Building Loan Note, the Supplemental Loan Note and the Project Loan Note except for the Environmental Indemnity and deliver to Borrower a duly executed release(s) in recordable form, a UCC-3 release of security interest and other such documents as may be reasonably required to release the Retail Unit from the lien and/or security interest of the Building Loan Documents, Supplemental Loan Documents and Project Loan Documents and Commercial Owner from such obligations upon satisfaction of each of the following conditions:

(1) Agent shall have received not less than five (5) Business Days prior written notice of the proposed release accompanied by an officer's Certificate setting forth the Commercial Unit Release Price and the Excess Residential Condominium Unit Sales Proceeds used in the calculation thereof;

(2) the Unit to be released will constitute one or more tax lots separate and distinct from the tax lot or lots applicable to the remaining portion of the Property encumbered by the liens of the Mortgage;

(3) the release from the liens of the Mortgage will not violate any applicable zoning or subdivision laws;

(4) Agent shall have received in cash or by wire transfer of immediately available funds or by certified or bank check payable to Agent the Commercial Unit Release Price; and

(5) Agent shall have received such other documents, certificates, instruments, opinions or assurances as Agent may reasonably request.

(B) The Commercial Unit Release Price received by Agent under this Section 4.1.37 shall be applied in accordance with subsection (C) below and shall not be deemed a payment until such time.

(C) Amounts received by Agent under this subsection shall be applied on the date received or, at Agent's option, on the date immediately succeeding the expiration of the then current Interest Period (without penalty other than Additional Costs) first to the payment of principal outstanding under the Project Loan Documents, second to the payment of principal outstanding under the Supplemental Loan Documents and third to the payment of principal outstanding under Building Loan Documents. In the event Agent shall have elected not to apply such amounts on the date received, such amounts shall be held by Agent in an interest bearing reserve account and all interest earned therein shall be paid to Borrower. Notwithstanding the foregoing, if the aggregate principal amount outstanding on the Loan less the aggregate amount of Cash Collateral being held by Agent in the Cash Collateral Account does not equal or exceed the Commercial Unit Release Price, then notwithstanding the foregoing, the difference (the "CRP EXCESS"), shall be applied as follows: (1) first, to reduce the unfunded amount of the Supplemental Loan and the Project Loan (in such proportions as the Agent determines in its reasonable discretion based upon the Loan Budget) by (x) the amount of the CRP Excess or (y) the aggregate unfunded amount of the Supplemental Loan and the Project Loan, whichever of (x) or (y) is less, and (2) next, to reduce the aggregate outstanding principal amount of the Project Loan and the Supplemental Loan (in such proportions as the Agent determines in its reasonable discretion based upon the Loan Budget) by the amount of the CRP Excess after application pursuant to clause (1) above in which

event a corresponding amount of Project Cash Collateral and Supplemental Cash Collateral as that being applied pursuant to this clause (2) shall be released to Borrower. The amount of the Commercial Unit Release Price, if any, that is applied to reduce the aggregate unfunded amount of the Supplemental Loan and the Project Loan pursuant to clause (1) above shall not be required to be paid to Agent; provided, however, that Borrower shall have the option to deposit the same with Agent pursuant to Section 2.1.11. Nothing contained herein shall be deemed a waiver of Agent's rights pursuant to Section 2.1.11 of the Building Loan Agreement notwithstanding that a Shortfall thereunder may result from the application of the Commercial Unit Release Price as provided herein and Borrower shall be deemed to have been notified by Agent in accordance with said Section 2.1.11 that a Shortfall exists in the amount of the CRP Excess."

Section 7. Residential Unit Required Release Price. (a) Section

4.1.37(f) of the Existing Building Loan Agreement is hereby amended by deleting the semi-colon in the fifth line thereof and all of the text that follows and replacing the same with a period.

(b) In addition, Section 4.1.37(j)(i)(H) of the Existing Building Loan Agreement is hereby amended by inserting a semi-colon immediately after the end parenthesis following the defined term "Required Release Price" and deleting the remaining text beginning with ", provided that so long" through the end of clause (H).

Section 8. Insurance Coverage. (a) Section 5.1.1(a)(i)(A)(V) of the Existing Building Loan Agreement is hereby amended to delete the \$490,000,000 minimum limit amount, so as to correspond with the obligations of Borrower under Section 5.1.3(b) of the Existing Building Loan Agreement as modified hereby.

(b) Section 5.1.3(b) of the Existing Building Loan Agreement is hereby amended to delete "(which amount shall not be required to exceed \$490,000,000)" where it appears.

Section 9. Major Casualty or Condemnation. Section 5.3.2 of the Existing Building Loan Agreement is hereby amended as follows:

(a) Section 5.3.2(a)(iii) is hereby deleted in its entirety, and the following is inserted in its stead:

"(iii) Qualifying Contracts covering not less than 33% of the net saleable area of the Master Residential Unit shall remain in full force and effect during and after the completion of the Restoration without reduction of the purchase prices thereunder, notwithstanding the occurrence of such Casualty or Condemnation;"

(b) In the second to last sentence of Section 5.3.2(i), which begins with the words, "Notwithstanding the preceding sentence," the words "Borrower votes its interests" is hereby deleted and replaced with the words "the necessary Unit owners under said Section 339-cc vote".

Section 10. Events of Default. Section 9.1(a)(v) of the Existing Building Loan Agreement is hereby deleted, and "intentionally deleted" is inserted in its place.

Section 11. Additional Cash Collateral. In order to induce Agent and Lenders to enter into this Amendment and the other Amendment Transaction Loan Documents, simultaneously herewith Borrower is entering into that certain Amendment to Cash Collateral Agreement and depositing with Agent (for the ratable benefit of Lenders), as additional collateral for the Loan, the sum of \$90,000,000.00 (the "ADDITIONAL CASH COLLATERAL").

(a) Authorization, Conflicts, Enforceability. Borrower represents, warrants and certifies to Agent and Lenders that the execution, delivery, and performance of this Amendment and the other documents which are being executed and delivered in connection herewith by the Borrower have been duly authorized, executed and delivered by Borrower and will not conflict with, result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any of Borrower's organizational documents or any agreement or instrument to which Borrower is a party or by which it is bound, or any order or decree applicable to Borrower, or result in the creation or imposition of any lien on any of Borrower's assets or property (other than pursuant to the Loan Documents). No consent, approval, authorization or order of any court or Governmental Authority or other Person is required for the execution, delivery and performance by Borrower of, or compliance by Borrower with, this Amendment or the other Amendment Transaction Loan Documents or the consummation of the transactions contemplated hereby, other than those which have been obtained by Borrower.

Section 12. Filing of Amendment. Borrower shall cause the Title Company to deliver this Amendment for filing in the County Clerk's Office of New York County when and as required by Section 22 of the Lien Law. The parties hereto affirm that the Net Sum Available to Borrower from the Building Loan for the Improvements as shown on the Lien Law Affidavit filed with the Existing Building Loan Agreement has been fully funded and that the Net Sum Available to Borrower from the Building Loan for the Improvements by virtue of the making of, and after giving effect to, all advances of the proceeds of the Building Loan previously made is now zero.

Section 13. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to Article VIII of the Existing Building Loan Agreement (and no other Person shall be deemed a benefited party hereunder under any circumstances).

Section 14. No Further Modification. Except as modified and amended by this Amendment, the Existing Building Loan Agreement shall remain unmodified and in full force and effect.

Section 15. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement.

Section 16. Section Headings. The Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 17. Severability. Wherever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

Section 18. Governing Law. The governing law provisions of Section 10.3(A) of the Existing Building Loan Agreement are incorporated herein by reference as though fully set forth.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

731 COMMERCIAL LLC, a Delaware limited liability company

By: 731 Commercial Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title:Assistant Secretary

731 RESIDENTIAL LLC, a Delaware limited liability company

By: 731 Residential Holding LLC, a Delaware limited liability company, as member

By: Alexander's, Inc., a Delaware corporation, member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title:Assistant Secretary

AGENT:

**HYPO REAL ESTATE CAPITAL
CORPORATION, AS AGENT**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ William J. Rogers

Name: William J. Rogers
Title: Managing Director

LENDER:

**HYPO REAL ESTATE CAPITAL
CORPORATION**

By: /s/ Robert Dowling

Name: Robert Dowling
Title: Managing Director

By: /s/ William J. Rogers

Name: William J. Rogers
Title: Managing Director

Lending Office:

622 Third Avenue 29th Floor New York, New York 10017 Attention: Real Estate Lending

ACKNOWLEDGMENT

Acknowledgment for Borrower:

STATE OF _____)

) ss.:

COUNTY OF _____)

On the ____ day of January in the year 2004 before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual(s) made such appearance before the undersigned in the City/Town of _____, County of _____, and State of _____.

Signature & office of individual taking the acknowledgement

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PART I

RESIDENTIAL PARCEL

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE, westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

COMMERCIAL PARCEL

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of East 58th Street with the easterly side of Lexington Avenue;

RUNNING THENCE northerly, along the easterly line of Lexington Avenue 200 feet 10 inches to the corner formed by the intersection of the southerly line of East 59th Street with the easterly line of Lexington Avenue;

THENCE easterly, along the southerly line of East 59th Street, 420 feet 0 inches to the corner formed by the intersection of the southerly line of East 59th Street with the westerly line of Third Avenue;

THENCE southerly, along the westerly line of Third Avenue, 200 feet 10 inches to the corner formed by the intersection of the northerly line of East 58th Street with the westerly line of Third Avenue;

THENCE westerly, along the northerly line of East 58th Street, 420 feet to the point or place of BEGINNING.

LESS AND EXCEPT:

All that portion of the below described parcel lying between a lower horizontal plane drawn at elevation 512 feet 2 inches above the datum level used by the Topographical Bureau, Borough of Manhattan, which is 2 feet 9 inches above National Geodetic Survey Vertical Datum of 1929, mean sea level Sandy Hook, New Jersey and an upper horizontal plane drawn at 809 feet 2 inches above such datum level bounded and described as follows:

BEGINNING at a point distant 48 feet 8 inches north of the northerly line of East 58th Street and 30 feet 9 inches east of easterly line of Lexington Avenue;

RUNNING THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 78 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 5 feet 10 inches;

THENCE northerly, parallel with the easterly line of Lexington Avenue, 12 feet 6 inches

THENCE easterly, parallel with the northerly line of East 58th Street, 103 feet 6 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE easterly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 88 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 35 feet 0 inches;

THENCE southerly, parallel with the easterly line of Lexington Avenue, 7 feet 6 inches;

THENCE westerly, parallel with the northerly line of East 58th Street, 103 feet 6 inches to the point or place of BEGINNING.

SAID RESIDENTIAL PARCEL AND COMMERCIAL PARCEL DESCRIBED IN PART I OF THIS EXHIBIT A BEING ONE AND THE SAME AS THE FOLLOWING PROPERTY DESCRIBED IN PART II OF THIS EXHIBIT A

PART II

(OFFICE UNIT 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(RETAIL UNIT)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Retail Unit" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1001 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 13.2894% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(OFFICE UNIT 2)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(RESIDENTIAL UNIT)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Residential Unit" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1004 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 23.6452% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

LOAN AND SECURITY AGREEMENT

Dated as of February 13, 2004

Between

731 OFFICE ONE LLC
as Borrower

and

**GERMAN AMERICAN CAPITAL CORPORATION,
as Lender**

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT dated as of February 13, 2004

(as amended, restated, replaced, supplemented or otherwise modified from time to time, this AGREEMENT), between 731 OFFICE ONE LLC, a Delaware limited liability company (BORROWER) having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, and GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation, having an address at 60 Wall Street, New York, New York 10005 (together with its successors and assigns, LENDER).

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan (as hereinafter defined) from Lender;

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (as hereinafter defined).

NOW, THEREFORE, in consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

I. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1 DEFINITIONS.

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

ACCOUNT AGREEMENT shall mean the Account and Control Agreement, dated the date hereof, among Lender, Borrower and Cash Management Bank.

ACCOUNT COLLATERAL shall have the meaning set forth in Section 3.1.2.

ADDITIONAL DEBT SERVICE RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

ADDITIONAL NON-CONSOLIDATION OPINION shall have the meaning set forth in Section 4.1.29(b).

AFFILIATE shall mean, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with, or any general partner or managing member in, such specified Person. An Affiliate of a Person includes, without limitation, (i) any officer or director of such Person, (ii) any record or beneficial owner of more than 20% of any class of

ownership interests of such Person and (iii) any Affiliate of the foregoing. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or other beneficial interest, by contract or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

AGREEMENT shall mean this Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

ALTA shall mean American Land Title Association, or any successor thereto.

ALTERATIONS shall have the meaning set forth in Article X.

ALTERATIONS RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

ANNUAL BUDGET shall mean the operating budget for the Property prepared by Borrower or Manager, on Borrower's behalf, pursuant to the Management Agreement, for the applicable Fiscal Year or other period setting forth, in reasonable detail, Borrower's or Manager's (as applicable) good faith estimates of the anticipated results of operations of the Property, including revenues from all sources, all Operating Expenses, management fees and Capital Expenditures.

ANNUAL REPORTS shall have the meaning set forth in Section 11.2.2 hereof.

ANTICIPATED REPAYMENT DATE shall have the meaning set forth in the Note.

APPLICABLE INTEREST RATE shall have the meaning set forth in the Note.

APPROVED BANK shall have the meaning set forth in the Account Agreement.

APPROVED CONTRACTOR shall mean Amec, Bovis Lend Lease, Skanska, Structure Tone, Turner Construction or any other general contractor approved by Lender in its sole but reasonable discretion.

APPROVED OPERATING EXPENSES shall mean (i) the monthly Operating Expenses as set forth on the Annual Budget approved by Lender pursuant to Section 11.2.6 plus (ii) the amount by which the actual amounts paid or payable for such month for non-discretionary items, including, without limitation, real estate taxes, insurance premiums, electric, gas, oil, water, sewer or other utility services to the Condominium Unit exceeds the budgeted amount for each such line item on the Annual Budget; provided, however, that if such Annual Budget has not been approved by Lender, then the term APPROVED OPERATING EXPENSES shall mean the amount of Operating Expenses set forth on the immediately preceding Annual Budget approved by the Lender adjusted

upwards, but not downwards for discretionary items by the annual increase (if any) in the Consumer Price Index (and subject to actual increases for non-discretionary items).

ASSIGNMENT OF LEASES shall mean that certain first priority (subject to Permitted Encumbrances) Assignment of Leases, Rents and Security Deposits, dated as of the date hereof, from Borrower, as assignor, to Lender, as assignee, assigning to Lender all of Borrower's interest in and to the Bloomberg Lease, Rents and Security Deposits as security for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

ASSIGNMENT OF MANAGEMENT AGREEMENT shall mean that certain Manager's Consent and Subordination of Management Agreement, dated the date hereof, among Lender, Borrower and Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

ASSUMPTION FEE shall have the meaning set forth in Section 8.7.

BANKRUPTCY ACTIONS shall have the meaning ascribed thereto in the definition of "Single Purpose Entity" herein.

BANKRUPTCY CODE shall mean Title 11, U.S.C.A., as amended from time to time and any successor statute thereto.

BLOOMBERG shall mean Bloomberg L.P., a Delaware limited partnership, together with its permitted successors and assigns under the Bloomberg Lease.

BLOOMBERG DEFAULT shall have the meaning set forth in Section 17.1(b).

BLOOMBERG LEASE shall mean the Agreement of Lease, dated as of April 30, 2001, as amended by (i) a letter agreement, dated December 20, 2001, (ii) a letter agreement, dated January 30, 2002, (iii) a First Amendment of Lease, dated as of April 19, 2002, (iv) a letter agreement, dated July 3, 2002, (v) a letter agreement, dated September 30, 2002, (vi) a letter agreement, dated February 5, 2003, (vii) a letter agreement, dated March 14, 2003, and (viii) a letter agreement, dated May 22, 2003 (together with any permitted amendments or supplements thereto), between Seven Thirty One Limited Partnership (as predecessor in interest to Borrower), as landlord, and Bloomberg, as tenant.

BLOOMBERG SNDA shall mean the Subordination, Non-Disturbance, Attornment and Estoppel Agreement, dated as of the date hereof, among Lender, Borrower, as landlord, and Bloomberg, as tenant.

BORROWER has the meaning set forth in the first paragraph of this Agreement.

BORROWER'S ACCOUNT shall mean the following account:

Account Name: 731 Office One Operating Acct.

Account Number: 230-334482
Bank Address: JPMorgan Chase Bank
4 New York Plaza, 13th Floor
New York, New York 10004
ABA Number: 021000021

BUILDING shall have the meaning set forth in the Condominium Declaration.

BUILDING EQUIPMENT shall have the meaning set forth in the Security Instrument.

BUSINESS DAY shall mean any day other than a Saturday, Sunday or any other day on which national banks in New York or in the state in which Servicer is located (as identified in Section 19.6) are not open for business.

BY-LAWS shall mean the By-Laws of the Beacon Court Condominium (together with any permitted amendments or supplements thereto).

CAPITAL EXPENDITURES shall mean any amount incurred in respect of capital items which in accordance with GAAP would not be included in Borrower's annual financial statements for an applicable period as an operating expense of the Property and is not reasonably expected by Borrower to be a regularly recurring operating expense of the Property.

CASH shall mean the legal tender of the United States of America.

CASH AND CASH EQUIVALENTS shall mean any or a combination of the following: (i) Cash, and (ii) U.S. Government Obligations.

CASH MANAGEMENT BANK shall mean JP Morgan Chase or any successor Approved Bank acting as Cash Management Bank under the Account Agreement or other financial institution reasonably approved by the Lender and, if a Securitization has occurred, the Rating Agencies.

CASH TRAP PERIOD shall mean any period where a (i) Low DSCR Period has occurred and is continuing and/or (ii) any Casualty Restoration Period has occurred and is continuing, in each case, as determined by Lender in accordance with the terms of Section 16.5 hereof.

CASH TRAP RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

CASUALTY RESTORATION PERIOD shall mean the period commencing on a Casualty Event and ending on the Casualty Rent Restoration Date, if any.

CASUALTY RENT RESTORATION DATE the day, if any that Bloomberg resumes paying Rent for the portion of space affected by the applicable Casualty Event (provided

that no other Casualty Restoration Period is then continuing) as determined by Lender in accordance with the terms of Section 16.5 hereof.

CASUALTY EVENT shall mean a casualty affecting 10% or more of the Property which entitles Bloomberg to a rent abatement under the Bloomberg Lease.

CLOSING DATE shall mean the date hereof.

CODE shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

COLLATERAL ACCOUNTS shall have the meaning set forth in Section 3.1.1.

COLLECTION ACCOUNT shall have the meaning set forth in Section 3.1.1 hereof.

COLLECTION PERIOD shall have the meaning set forth in Section 3.1.6.

COMMON ELEMENTS shall have the meaning provided in the Condominium Declaration.

COMPLETION GUARANTY shall have the meaning set forth in Section 6.2.4 hereof.

COMPONENT NOTES shall mean, collectively, that certain (i) Promissory Note A-1 in the original principal amount of Ninety Million Dollars (\$90,000,000), (ii) Promissory Note A-2 in the original principal amount of Ninety Five Million Dollars (\$95,000,000), (iii) Promissory Note A-3 in the original principal amount of Thirty Five Million Dollars (\$35,000,000) (iv) Promissory Note A-4 in the original principal amount of Ninety Four Million Dollars (\$94,000,000), (v) Note A-X in the original notional amount of Eighty Six Million Dollars (\$86,000,000) and (vi) Promissory Note B in the original principal amount of Eighty Six Million Dollars (\$86,000,000), each made by Borrower to Lender, dated as of the date hereof, as the same may be amended, restated, replaced, substituted (including any components or subcomponents) supplemented or otherwise modified from time to time.

CONDOMINIUM ASSOCIATION shall have the meaning set forth in the Bloomberg Lease.

CONDOMINIUM BOARD shall mean (i) the board of managers of the Beacon Court Condominium designated pursuant to the Condominium Declaration and
(ii) the board of managers comprised of representatives of the Office Unit Owners (as such term is defined in the Condominium Declaration) designated pursuant to the Condominium Declaration.

CONDOMINIUM DECLARATION shall mean that certain Declaration of Condominium made under the Condominium Act of the State of New York (Article 9-B of the Real Property Law of the State of New York), dated December 4, 2003 and recorded on February 4, 2004, in the Office of the Register, The City of New York, County of New York, in CRFN 2004000064392 (together with any permitted modifications, amendments, restatements or supplements).

CONDOMINIUM DOCUMENTS shall mean the Condominium Declaration and By-Laws and any additions or amendments permitted thereto.

CONDOMINIUM REGIME shall have the meaning provided in Section 5.1.23.

CONDOMINIUM UNIT shall have the meaning set forth in the Security Instrument.

CONTROL shall mean (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise and (ii) the ownership, direct or indirect, of no less than 51% of the voting securities of such Person, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

CREDIT WRAP INSURANCE POLICY shall mean that certain "Credit Wrap Insurance Policy" from Lexington Insurance Company, policy #7472483 covering the Property (as defined in the Condominium Documents).

CUT-OFF DATE shall have the meaning set forth in Section 6.2.3.

DBS shall have the meaning set forth in Section 14.4.2(b).

DBS GROUP shall have the meaning set forth in Section 14.4.2(b).

DEBT shall mean, with respect to any Person at any time, (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes or other instruments, or for the deferred purchase price of property or services (excluding trade obligations); (b) obligations of such Person as lessee under leases which should have been or should be, in accordance with GAAP, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) obligations issued for, or liabilities incurred on the account of, such Person; (e) obligations or liabilities of such Person arising under letters of credit, credit facilities or other acceptance facilities; (f) obligations of such Person under any guarantees or other agreement to become secondarily liable for any obligation of any other Person, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of such Person secured by any Lien on any property of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

DEBT SERVICE shall mean, with respect to any particular period of time, scheduled interest and principal payments under the Note.

DEBT SERVICE COVERAGE RATIO shall mean a ratio, calculated by Lender in accordance with the terms of Section 11.2.9 hereof as of the last day of each calendar quarter for the trailing twelve (12) calendar month period then ended, in which:

(a) the numerator is the Net Operating Income, as stated on Borrower's most recent quarterly financial statements delivered to Lender pursuant to Section 11.2, for the trailing twelve (12) calendar month period (during the first year of the Loan, if quarterly financial statements are not available for a twelve (12) calendar month period then the most recent quarterly statements available for the one, two or three quarters most recently then ended, as applicable, shall be used on an annualized basis) immediately prior to the applicable calculation date; provided that from and after the final Rent Commencement Date under the Bloomberg Lease, the Net Operating Income for the purposes of determining the Debt Service Coverage Ratio shall equal the total net rental payments paid under the Bloomberg Lease for the prior twelve (12) calendar months (or, annualized payment stream if less than twelve (12) calendar months) and during any period prior to such final Rent Commencement Date shall include amounts paid out of the Additional Debt Service Reserve Account for Debt Service during such trailing twelve (12) month period; and

(b) the denominator is the Debt Service for the immediately preceding twelve (12) Interest Periods (annualized during the first year of the Loan).

DEBT SERVICE RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

DEFAULT shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

DEFAULT RATE shall have the meaning set forth in the Note.

DEFEASANCE shall have the meaning provided in Section 9.1.1.

DEFEASANCE COLLATERAL shall mean Defeasance Eligible Investments pledged to Lender as collateral pursuant to Section 9.1.1 (including, without limitation, all amounts then on deposit in the Defeasance Collateral Account).

DEFEASANCE COLLATERAL ACCOUNT shall have the meaning provided in Section 9.1.1.

DEFEASANCE COLLATERAL REQUIREMENT shall mean with respect to the Defeasance of the Lien of the Security Instrument, Defeasance Collateral in an amount sufficient to provide payment of all (A) principal indebtedness outstanding as of the date of Defeasance under the Note as it becomes due through the Anticipated Repayment Date (and, notwithstanding any term to the contrary in the Loan Documents, calculated by

assuming all the Indebtedness outstanding as of the date of the Defeasance is due in full on the Anticipated Repayment Date) and (B) scheduled interest on the Loan as it becomes due through the Anticipated Repayment Date.

DEFEASANCE ELIGIBLE INVESTMENTS shall mean obligations or securities not subject to prepayment, call or early redemption which are direct obligations of, or obligations fully guaranteed as to timely payment by, the United States of America or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America, the ownership of which will not cause Lender to be an "investment company" under the Investment Company Act of 1940, as amended, as evidenced by an Opinion of Counsel reasonably acceptable to Lender, and which qualify under Section 1.860G-2(a)(8) of the Treasury regulations. All such obligations or securities shall mature or be redeemable, or provide for payments of interest thereon on or prior to the Business Day preceding the date principal and interest payments are scheduled to be paid under the Note.

DEFEASANCE LOCKOUT PERIOD shall have the meaning set forth in the Note.

DEFEASANCE NOTE shall have the meaning provided in Section 9.1.1.

DEFEASANCE SECURITY AGREEMENT shall have the meaning provided in Section 9.1.1.

DEFICIENCY shall have the meaning set forth in Section 6.2.4(b).

DISCLOSURE DOCUMENTS shall have the meaning set forth in Section 14.4.1.

ELIGIBLE ACCOUNT has the meaning set forth in the Account Agreement.

ENVIRONMENTAL CERTIFICATE shall have the meaning set forth in Section 12.2.

ENVIRONMENTAL CLAIM shall mean any claim, action, cause of action, investigation or written notice by any Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, natural resource damages, property damages, personal injuries or penalties) arising out of, based upon or resulting from (a) the presence, threatened presence, release or threatened release into the environment of any Hazardous Substances from or at the Property, or (b) the violation, or alleged violation, of any Environmental Law relating to the Property.

ENVIRONMENTAL CONSULTANT shall mean National Assessment Corporation or such other Independent environmental consulting firm having at least five years experience (i) conducting environmental assessments for properties similar to the Property and (ii) preparing and supervising remediation plans for properties similar to the Property, which firm is selected by Borrower and is reasonably acceptable to Lender.

ENVIRONMENTAL EVENT shall have the meaning set forth to such term in Section 12.2.

ENVIRONMENTAL INDEMNITY shall mean the Environmental Indemnity, dated the date hereof, made by Guarantor and Borrower for the benefit of Lender.

ENVIRONMENTAL LAWS shall mean all federal, state and local laws, statutes, rules, ordinances, and regulations relating to pollution or protection of the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) in effect during the term of the Loan, including, without limitation laws, statutes, rules, ordinances and regulations relating to emissions, discharges or releases of Hazardous Substances, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq.; the Toxic Substance Control Act, 15 U.S.C. Sections 2601 et seq.; the Water Pollution Control Act (also known as the Clean Water Act), 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; the Safe Drinking Water Act, 21 U.S.C. Section 349; 42 U.S.C. Section 201 and Section 300 et seq.; the National Environmental Policy Act of 1969, 42 U.S.C. Section 4321; the Superfund Amendment and Reauthorization Act of 1986, codified in scattered Sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.; and Title III of the Superfund Amendment and Reauthorization Act, 40 U.S.C. Section 1101 et seq., as the same may be hereafter amended or modified during the term of the Loan.

ENVIRONMENTAL REPORTS shall have the meaning set forth in Section 12.1.

ERISA shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

EVENT OF DEFAULT shall have the meaning set forth in Section 17.1(a).

EXCESS CASH FLOW shall have the meaning set forth in Section 3.1.6.

EXCHANGE ACT shall have the meaning set forth in Section 14.4.1.

EXCUSABLE DELAY shall mean a delay solely due to acts of god, governmental restrictions, stays, judgments, orders, decrees, enemy actions, civil commotion, fire, casualty, strikes, work stoppages, shortages of labor or materials or other causes beyond the reasonable control of Borrower, but Borrower's lack of funds in and of itself shall not be deemed a cause beyond the control of Borrower.

FISCAL YEAR shall mean each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the term of the Loan or the portion of any such 12-month period falling within the term of the Loan in the event that such a 12-month period occurs partially before or after the term of the Loan.

GAAP shall mean the generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American

Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession, to the extent such principles are applicable to the facts and circumstances on the date of determination.

GOVERNMENTAL AUTHORITY shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

GUARANTOR shall mean Alexander's Inc., a Delaware corporation.

HAZARDOUS SUBSTANCE shall mean any material, waste or substance which is:

(a) included within the definition of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in or pursuant to any Environmental Law, or subject to regulation and subject to any Environmental Law;

(b) listed in and subject to the United States Department of Transportation Optional Hazardous Materials Table, 49 C.F.R. Section 172.101 enacted as of the date hereof or hereafter amended, or in the United States Environmental Protection Agency List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302, as enacted as of the date hereof or as hereafter amended during the term of the Loan; or

(c) an explosive, radioactive, friable, asbestos, polychlorinated biphenyl, oil or petroleum product subject to any Environmental Law.

HOLDING ACCOUNT shall have the meaning set forth in Section 3.1.1.

IMPOSITIONS shall mean all taxes (including all ad valorem, sales (including those imposed on lease rentals), use, single business, gross receipts, value added, intangible transaction, privilege or license or similar taxes), governmental assessments (including all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not commenced or completed within the term of this Agreement), water, sewer or other rents and charges, excises, levies, fees (including license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Property and/or any Rents (including all interest and penalties thereon), which at any time prior to, during or in respect of the term hereof may be assessed or imposed on or in respect of or be a Lien upon (a) Borrower (including all income, franchise, single business or other taxes imposed on Borrower for the privilege of doing business in the jurisdiction in which the Property is located), (b) the Property, or any other collateral delivered or pledged to Lender in connection with the Loan, or any part thereof, or any Rents therefrom or any estate, right, title or interest therein, or (c) any occupancy, operation, use or possession of,

or sales from, or activity conducted on, or in connection with the Property or the leasing or use of all or any part thereof. Impositions shall exclude, any tax, assessment, levy or charge imposed on (i) any tenant occupying any portion of the Property, (ii) any third party manager of the Property, including any Manager, or (iii) Borrower or Lender in the nature of a capital levy, estate, inheritance, succession, income or net revenue tax.

IMPROVEMENTS shall have the meaning set forth in the Security Instrument.

INCREASED COSTS shall have the meaning set forth in Section 2.4.1.

INDEBTEDNESS shall mean, at any given time, the Principal Amount, together with all accrued and unpaid interest thereon and all other obligations and liabilities due or to become due to Lender pursuant hereto, under the Note or in accordance with the other Loan Documents and all other amounts, sums and expenses paid by or payable to Lender hereunder or pursuant to the Note or the other Loan Documents.

INDEMNIFIED PARTIES shall have the meaning set forth in Section 19.12(b).

INDEPENDENT shall mean, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in any Borrower or in any Affiliate of any Borrower, (ii) is not connected with any Borrower or any Affiliate of any Borrower, as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions, and (iii) is not a member of the immediate family of a Person defined in (i) or (ii) above.

INDEPENDENT ACCOUNTANT shall mean Deloitte & Touche or another firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender.

INDEPENDENT ARCHITECT shall mean SLCE Architects or such other architect, engineer or construction consultant selected by Borrower which is Independent, licensed to practice in the State and has at least five (5) years of architectural, engineering or construction experience, as the case may be, and which is reasonably acceptable to Lender.

INDEPENDENT DIRECTOR, INDEPENDENT MANAGER, OR INDEPENDENT MEMBER shall mean a Person who is not and will not be while serving and has never been (i) a member (other than an Independent Member), manager (other than an Independent Manager), director (other than an Independent Director), employee, attorney, or counsel of Borrower or its Affiliates, (ii) a customer, supplier or other Person who derives more than 1% of its purchases or revenues from its activities with Borrower or its Affiliates, (iii) a direct or indirect legal or beneficial owner in such entity or any of its Affiliates, (iv) a member of the immediate family of any member, manager, employee, attorney, customer, supplier or other Person referred to above or (v) a person Controlling or under the common Control of anyone listed in (i) - (iv) above. A Person that otherwise satisfies the foregoing shall not be disqualified from serving as an Independent

Director or Independent Manager or Independent Member if such individual is at the time of initial appointment, or at any time while serving, is also serving as an Independent Director or Independent Manager or Independent Member, as applicable, of a Single Purpose Entity affiliated with Borrower. Additionally, a natural person who satisfies the foregoing definition other than clause (ii) above shall not be disqualified from serving as an Independent Director, Independent Manager or Independent Member of a particular entity because of fees collected for serving as such if such individual is an independent director provided by a nationally recognized company that provides professional independent directors.

INSURANCE REQUIREMENTS shall mean, collectively, (i) all material terms of any insurance policy required pursuant to this Agreement and (ii) all material regulations and then-current standards applicable to or affecting the Property or any part thereof or any use or condition thereof, which may, at any time, be recommended by the Board of Fire Underwriters, if any, having jurisdiction over the Property, or such other body exercising similar functions.

INSURANCE RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

INSURANCE RESERVE AMOUNT shall have the meaning set forth in Section 16.2.

INTANGIBLE shall have the meaning set forth in the Security Instrument.

INTEREST PERIOD shall have the meaning set forth in the Note.

LATE PAYMENT CHARGE shall have the meaning set forth in Section 2.2.3.

LEASE shall mean any lease, sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted by Borrower, Manager, Guarantor or any Affiliate of such Person a possessory interest in, or right to use or occupy all or any portion of, any space in the Property, and every modification, amendment or other agreement relating to such lease, sublease, subsublease, or other agreement entered into in connection with such lease, sublease, subsublease, or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

LEGAL REQUIREMENTS shall mean all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and requirements, and irrespective of the nature of the work to be done, of every Governmental Authority including, without limitation, Environmental Laws and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Borrower or to the Property and the Improvements and the Building Equipment thereon, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Property and the Improvements

and the Building Equipment thereon including, without limitation, building and zoning codes and ordinances and laws relating to handicapped accessibility.

LENDER shall have the meaning set forth in the first paragraph of this Agreement.

LENDER'S CONSULTANT shall mean National Assessment Corporation, or such other environmental consulting and engineering firm having experience (i) conducting environmental and engineering assessments (as applicable) for properties similar to the Property and (ii) preparing and supervising remediation and repair plans (as applicable) for properties similar to the Property.

LETTER OF CREDIT shall mean an irrevocable, unconditional, transferable, without the imposition of any fees except such fees as are expressly payable by Borrower, clean sight draft letter of credit (either an evergreen letter of credit or one which does not expire until at least sixty (60) days after the Maturity Date, or the date reasonably determined by Lender by which the Alteration is to be completed if such Letter of Credit is delivered to Lender in connection with an Alteration (whichever is earlier), or as otherwise provided in Section 16.4 and Section 16.6 with respect to the Additional Debt Service Reserve Account or the Tax Reserve Account) (the LC EXPIRATION DATE), in favor of Lender and entitling Lender to draw thereon in New York, New York, without the imposition of any fees except such fees as are expressly payable by Borrower, based solely on a statement executed by an officer or authorized signatory of Lender and issued by an Approved Bank.

LIABILITY shall have the meaning set forth in Section 14.4.2(b).

LICENSE shall have the meaning set forth in Section 4.1.23.

LIEN shall mean any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance or charge on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and the filing of mechanic's, materialmen's and other similar liens and encumbrances.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in the Note.

LOAN shall mean the loan in the amount of Four Hundred Million Dollars (\$400,000,000) made by Lender to Borrower pursuant to this Agreement.

LOAN DOCUMENTS shall mean, collectively, this Agreement, the Note, the Security Instrument, the Assignment of Leases, the Environmental Indemnity, the Assignment of Management Agreement, the Account Agreement, the Recourse Guaranty, the Bloomberg SNDA, the Proxy and all other documents executed and/or delivered by Borrower in connection with the Loan including any certifications or representations

delivered by or on behalf of Borrower, any Affiliate of Borrower, the Manager, or any Affiliate of the Manager.

LOW DSCR PERIOD shall mean the period commencing on the date on which a Low DSCR Trigger Event has occurred and ending on the last day of the first period of two (2) consecutive calendar quarters first occurring thereafter during which the Debt Service Coverage Ratio has, as of the last day of each such calendar quarter, been greater than the Required Debt Service Coverage Ratio as determined by Lender in accordance with the terms of Section 16.5 hereof.

LOW DSCR TRIGGER EVENT shall mean the Debt Service Coverage Ratio as of the date of determination by Lender is equal to or less than the Required Debt Service Coverage Ratio for the previous calendar quarter.

MANAGEMENT AGREEMENT shall have the meaning provided in the Assignment of Management Agreement, or, if the context requires, a Replacement Management Agreement, pursuant to which the Manager is to provide management and other services with respect to the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time in accordance with the terms hereof.

MANAGEMENT FEE shall mean an amount equal to the property management fee payable to the Manager pursuant to the terms of the Management Agreement for management services.

MANAGER shall mean any Qualified Manager with which Borrower enters into a Management Agreement.

MATERIAL ADVERSE EFFECT shall mean any event or condition that has a material adverse effect on (i) the use, operation or value of the Property taken as a whole, (ii) the business, profits, operations or financial condition of Borrower taken as a whole, or (iii) the ability of Borrower to repay the principal and interest of the Loan as it becomes due or to satisfy any of Borrower's obligations under the Loan Documents.

MATERIAL ALTERATION shall mean any Alteration (other than decorative work such as painting, wall papering and carpeting and the replacement of fixtures, furnishings and equipment to the extent being of a routine and recurring nature and performed in the ordinary course of business and tenant improvement work paid for by Bloomberg) which, when aggregated with all related Alterations constituting a single project, involves an estimated cost exceeding \$20,000,000 with respect to such Alteration or related Alterations (including the Alteration in question) then being undertaken at the Property.

MATURITY DATE shall have the meaning set forth in the Note.

MATURITY DATE PAYMENT shall have the meaning set forth in the Note.

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

MODIFIED LEASE shall have the meaning set forth in Section 8.8.1.

MONETARY DEFAULT shall mean a Default (i) that can be cured with the payment of money or (ii) arising pursuant to Section 17.1(a)(vi) or (vii).

MONTHLY INSURANCE RESERVE AMOUNT shall have the meaning set forth in Section 16.2.

MONTHLY PAYMENT AMOUNT shall have the meaning set forth in the Note.

MONTHLY STRUCTURAL RESERVE AMOUNT shall have the meaning set forth in Section 16.3.

MONTHLY TAX RESERVE AMOUNT shall have the meaning set forth in Section 16.1.

MOODY'S shall mean Moody's Investors Service, Inc.

NET OPERATING INCOME shall mean the amount obtained by subtracting Operating Expenses from Operating Income.

NON-DISTURBANCE AGREEMENT shall have the meaning set forth in Section 8.8.8.

NOTE shall mean that certain Amended, Restated and Consolidated Note in the principal amount of Four Hundred Million Dollars (\$400,000,000), made by and between Borrower and Lender as of the date hereof, as exchanged and replaced by, pursuant to the terms of the Note Exchange Agreement, the Component Notes, as the same may be amended, restated, replaced, substituted (including any components or subcomponents) supplemented or otherwise modified from time to time.

NOTES shall mean, collectively, the Note, as exchanged and replaced by the Component Notes and any replacement, substitute or component notes made payable by Borrower to the order of Lender in accordance with the terms hereof, as the same may be amended, restated, replaced, substituted (including any components or subcomponents) or supplemented or otherwise modified from time to time.

NOTE EXCHANGE AGREEMENT shall mean that certain Note Exchange Agreement, made by and between Borrower and Lender, dated as of the date hereof, exchanging and replacing the Note with the Component Notes.

OBLIGATIONS shall have meaning set forth in the recitals of the Security Instrument.

OFAC LIST means the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and accessible through the internet website www.treas.gov/ofac/t11sdn.pdf.

OFFICE UNIT 2 shall have the meaning set forth in the Security Instrument.

OFFICER'S CERTIFICATE shall mean a certificate executed by an authorized signatory of Borrower that is familiar with the financial condition of Borrower and the operation of the Property, as the act of Borrower and not as of such authorized signatory, who shall, subject to the terms of Section 18.1.2 hereof, have no personal liability in connection therewith which may be given to the best knowledge of such authorized signatory.

OPERATING ASSET shall have the meaning set forth in the Security Instrument.

OPERATING EXPENSES shall mean, for any period, without duplication, all expenses actually paid or payable by Borrower, or Bloomberg under the Bloomberg Lease, during such period in connection with the ownership, operation, management, maintenance, repair and use of the Property, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP, which shall include, but shall not be limited to, real estate taxes and insurance premiums, except to the extent otherwise provided in this definition. Operating Expenses specifically shall include (i) all expenses incurred in the immediately preceding applicable period based on quarterly financial statements delivered to Lender in accordance with Article XI, (ii) property management fees in an amount equal to the management fees actually paid under the Management Agreement, (iii) administrative, payroll, security and general expenses for the Property, (iv) the cost of utilities, inventories and fixed asset supplies consumed in the operation of the Property, (v) a reasonable reserve for uncollectable accounts, (vi) costs and fees of independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vii) cost of attendance by employees at training and manpower development programs, (viii) association dues, (ix) computer processing charges, (x) operational equipment and other lease payments as reasonably approved by Lender, (xi) taxes and other Impositions, other than income taxes or other Impositions in the nature of income taxes, and insurance premiums, (xii) all payments required to be made pursuant to the Condominium Declaration and/or the By-Laws and (xiii) all underwritten reserves required by Lender hereunder (without duplication), including, without limitation, reserves for capital expenditures of \$1.00 per square foot per annum. Notwithstanding the foregoing, Operating Expenses shall not include (1) depreciation or amortization, (2) income taxes or other Impositions in the nature of income taxes, (3) any expenses (including legal, accounting and other

professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of the Property or in connection with the recovery of Proceeds which are applied to prepay the Note, (4) any expenses which in accordance with GAAP should be capitalized, (5) Debt Service, and (6) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by Bloomberg.

OPERATING INCOME shall mean, for any period, all income of Borrower during such period from the use, ownership or operation of the Property as follows:

(a) all amounts payable to Borrower by any Person as Rent and other amounts under the Bloomberg Lease, license agreements, parking agreements, occupancy agreements, concession agreements or other agreements relating to the Property;

(b) business interruption insurance proceeds allocable to the applicable reporting period;

(c) all other amounts which in accordance with GAAP are included in Borrower's annual financial statements as operating income attributable to the Property; and

(d) any amounts paid (i) by the Borrower from Excess Cash Flow to the Collection Account and/or (ii) by any Affiliate of Borrower to the Collection Account, in each case to pay any insurance premiums for the Condominium Unit not paid by Bloomberg.

Notwithstanding the foregoing, Operating Income shall not include (a) any Proceeds (other than business interruption insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of the Property, (c) any Rent attributable to a Lease (i) during a period which the Lease is in default (unless such Rent has been paid to Borrower) or (ii) prior to the date in which Bloomberg has taken occupancy or in which the actual payment of rent is required to commence thereunder, (d) any item of income otherwise included in Operating Income but paid directly by Bloomberg to a Person other than Borrower as an offset or deduction against Rent payable by Bloomberg, provided such item of income is an item of expense (such as payments for utilities paid directly to a utility company) and is otherwise excluded from the definition of Operating Expenses pursuant to clause "(6)" of the definition thereof, and (e) security deposits received from Bloomberg until forfeited or applied. Operating Income shall be calculated on the accrual basis of accounting and, except to the extent otherwise provided in this definition, in accordance with GAAP.

OPINION OF COUNSEL shall mean an opinion of counsel of a law firm selected by Borrower and reasonably acceptable to Lender; Lender hereby acknowledges that Proskauer Rose LLP and Richards, Layton & Finger, P.A. are acceptable in connection with the foregoing.

OTHER CHARGES shall mean maintenance charges, impositions other than Impositions, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof by any Governmental Authority, other than those required to be paid by Bloomberg pursuant to the Bloomberg Lease and any and all condominium common charges, assessments, expenses and other expenses and fees required to be paid pursuant to the Condominium Declaration and/or the By-Laws

OTHER TAXES shall have the meaning set forth in Section 2.4.3.

PAYMENT DATE shall have the meaning set forth in the Note.

PERMITTED DEBT shall mean collectively, (a) the Note and the other obligations, indebtedness and liabilities specifically provided for in any Loan Document and secured by this Agreement, the Security Instrument and the other Loan Documents; and (b) trade payables (including, without limitation, leasing commissions) incurred in the ordinary course of Borrower's business, not secured by Liens on the Property (other than liens being properly contested in accordance with the provisions of this Agreement or the Security Instrument) and equipment leases, not to exceed \$8,000,000 at any one time outstanding, payable by or on behalf of Borrower for or in respect of the operation and/or development of the Property in the ordinary course of operating Borrower's business, provided that (but subject to the remaining terms of this definition) each such amount shall be paid within sixty (60) days following the date on which each such amount is due and payable unless being contested in accordance with the terms of Section 7.3 hereof. Notwithstanding anything set forth herein, in no event shall Borrower be permitted under this provision to enter into a note or other instrument for borrowed money.

PERMITTED ENCUMBRANCES shall mean collectively, (a) the Liens and security interests created or permitted by the Loan Documents (including any Liens filed against equipment leases that are otherwise permitted pursuant to the terms hereunder), (b) all Liens, encumbrances and other matters disclosed in the Title Policy that do not have a Material Adverse Effect on the use, value or operation of the Property, and (c) Liens, if any, for Impositions imposed by any Governmental Authority not yet delinquent.

PERMITTED INVESTMENTS shall have the meaning set forth in the Account Agreement.

PERSON shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

PERSONAL PROPERTY shall have the meaning set forth in the granting clause of the Security Instrument.

PHYSICAL CONDITIONS REPORT shall mean means the structural engineering report with respect to the Property (i) prepared by National Assessment Corporation, (ii) addressed to Lender or with respect to which Lender shall have received a reliance letter, (iii) prepared based on a scope of work determined by Lender in Lender's reasonable discretion, and (iv) in form and content acceptable to Lender in Lender's reasonable discretion, together with any amendments or supplements thereto.

PREPAYMENT LOCKOUT PERIOD shall have the meaning set forth in the Note.

PRINCIPAL AMOUNT shall have the meaning set forth in the Note.

PROCEEDS shall have the meaning set forth in Section 6.2.2.

PROCEEDS RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

PROHIBITED PERSON means any Person identified on the OFAC List or any other Person with whom a U.S. Person may not conduct business or transactions by prohibition of Federal law or Executive Order of the President of the United States or America.

PROPERTY shall have the meaning set forth in the Security Instrument.

PROVIDED INFORMATION shall have the meaning set forth in Section 14.1.1.

PROXY shall mean that certain Irrevocable Proxy, dated as of the date hereof, from Borrower to Lender.

QUALIFIED INSTITUTIONAL BORROWER shall mean one or more of the following: (i) a real estate investment trust, bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, (ii) an investment company, money management firm or "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, or an institutional "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended, (iii) an institution substantially similar to any of the foregoing, (iv) any entity Controlled (as defined below) by any of the entities described in clauses (i), (ii) or (iii) above, (v) an investment fund, limited liability company, limited partnership or general partnership where an entity that is otherwise a Qualified Institutional Borrower under clauses (i), (ii), (iii) or (iv) above acts as the general partner, managing member or fund manager and at least 50% of the equity interests in such investment fund are owned, directly or indirectly, by one or more entities that are otherwise Qualified Institutional Borrowers under clauses (i), (ii), (iii) or (iv) above, or (vi) any other entity approved by the Rating Agencies; in each case of clauses (i), (ii) or (iii) of this definition, which (A) has total assets (in name or under management) in excess of \$1,000,000,000 and (except with respect to a pension advisory firm or similar fiduciary) capital/statutory surplus or shareholder's equity of \$500,000,000 and (B) is regularly engaged in the business of making or owning commercial real estate loans or

operating commercial mortgage properties. For purposes of this definition only "Control" means the ownership, directly or indirectly, in the aggregate of more than fifty percent (50%) of the beneficial ownership interest of an entity and the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise.

QUALIFIED MANAGER shall mean (i) a reputable and experienced management organization which together with its Affiliates manages a minimum of 2,000,000 square feet of Class A or Class B (and any combination thereof) office space located in major United States cities, provided that (a) prior to a Securitization, Borrower shall have obtained the prior written consent of Lender for such Person, which consent shall not be unreasonably withheld or delayed and

(b) after a Securitization, in addition to Lender's consent, which consent shall not be unreasonably withheld or delayed, Borrower shall have obtained a Rating Agency Confirmation or (ii) any other manager as Lender shall approve in its sole and absolute discretion.

RATING AGENCIES shall mean (a) prior to a Securitization, each of S&P, Moody's and Fitch, Inc. and any other nationally-recognized statistical rating agency which has been approved by Lender and (b) after a Securitization has occurred, each such Rating Agency which has rated the Securities in the Securitization.

RATING AGENCY CONFIRMATION shall mean, collectively, a written affirmation from each of the Rating Agencies that the credit rating of the Securities given by such Rating Agency of such Securities immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn solely as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency's sole and absolute discretion. In the event that, at any given time, no such Securities shall have been issued and are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

REAL ESTATE TAXES shall mean all real estate taxes, assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not commenced or completed within the term of the Security Instrument), water, sewer or other rents and charges, and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Property (including all interest and penalties thereon), which at any time prior to, during or in respect of the term hereof may be assessed or imposed on or in respect of or be a lien upon the Condominium Unit or any part thereof or any estate, right, title or interest therein.

REAL PROPERTY shall mean, collectively, the Condominium Unit, the Improvements and the Appurtenances (as defined in the Security Instrument).

RECOURSE GUARANTY shall mean that certain Guaranty of Recourse Obligations of Borrower, dated as of the date hereof, by Guarantor in favor of Lender, as the same may be amended, supplemented, restated or otherwise modified from time to time.

REGISTER shall have the meaning set forth in Section 15.4.

REGULATORY CHANGE shall mean any change after the date of this Agreement in federal, state or foreign laws or regulations or the adoption or the making, after such date, of any interpretations, directives or requests applying to Lender, or any Person Controlling Lender or to a class of banks or companies Controlling banks of or under any federal, state or foreign laws or regulations (whether or not having the force of law) by any court or Governmental Authority or monetary authority charged with the interpretation or administration thereof.

RELEVANT PORTIONS shall have the meaning set forth in Section 14.4.2(a).

RENTS shall mean all rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Borrower from any and all sources arising from or attributable to the Property and Proceeds, if any, from business interruption or other loss of income insurance.

RENT COMMENCEMENT DATE shall mean

Lower Level 3; Floors Lower Level 2, 3 through 15 -
August 14, 2004
Floors 16 through 19 - September 26, 2004
Lower Level 2 pit area - November 1, 2004; and
Lower Level 2 pit area - November 9, 2004.

REPLACEMENT MANAGEMENT AGREEMENT shall mean, collectively, (a) either (i) a replacement management agreement with a Qualified Manager; and (b) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement, executed and delivered to Lender by Borrower and such Qualified Manager at Borrower's expense.

REQUIRED DEBT SERVICE COVERAGE RATIO shall mean, 1.15 to 1.0.

REVISED INTEREST RATE shall have the meaning set forth in the Note.

S&P shall mean Standard & Poor's Ratings Services, Inc., a division of The McGraw-Hill Companies.

SECURITIES shall have the meaning set forth in Section 14.1.

SECURITIES ACT shall have the meaning set forth in Section 14.4.1.

SECURITIZATION shall have the meaning set forth in Section 14.1.

SECURITY INSTRUMENT shall mean that certain first priority Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits, dated the date hereof, executed and delivered by and between Borrower and Lender and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

SERVICER shall mean GMAC Commercial Mortgage Corporation or such other Person designated in writing with an address for such Person by Lender, in its sole discretion, to act as Lender's agent hereunder with such powers as are specifically delegated to the Servicer by Lender, whether pursuant to the terms of this Agreement, the Account Agreement or otherwise, together with such other powers as are reasonably incidental thereto.

SINGLE PURPOSE ENTITY shall mean a Person, other than an individual, which (i) is formed or organized solely for the purpose of owning, developing, using, operating, leasing, managing, maintaining and financing, directly or indirectly, an ownership interest in the Property, (ii) does not engage in any business or activity unrelated to the Property and the ownership, development, use, operation, leasing, managing, maintaining and financing thereof, (iii) has not and will not have any assets other than those related to its interest in the Property, or in the case of any SPE Entity its direct or indirect interest in Borrower, or the operation, management, leasing and financing thereof or any indebtedness other than the Permitted Debt, (iv) maintains its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other Person, provided, however, that all amounts paid to Borrower (including, without limitation, all amounts transferred from the Holding Account) may be deposited into a centralized cash management account (controlled by an Affiliate of Borrower) on behalf of Borrower and various other entities that are Affiliates of Borrower, as and when received, provided that all amount deposited into such centralized account for the benefit of Borrower and all amounts disbursed out of such centralized account for the benefit of Borrower are clearly segregated, for accounting purposes, from the revenues and expenses of all other Persons, (v) holds itself out to the public as a legal entity, separate and distinct from any other Person, (vi) does not and will not commingle its funds or assets with those of any other Person, (vii) conducts its own business in its own name, (viii) maintains separate financial statements, provided that such Persons financial statements may be included in the consolidated financial statements of an Affiliate of such Person in accordance with GAAP, provided further, that all amounts paid to Borrower (including, without limitation, all amounts transferred from the Holding Account) may be deposited into a centralized cash management account (controlled by an Affiliate of Borrower) on behalf of Borrower and various other entities that are Affiliates of Borrower, as and when received, provided that all amount deposited into such centralized account for the benefit of Borrower and all amounts disbursed out of such centralized account for the benefit of Borrower are clearly

segregated, for accounting purposes, from the revenues and expenses of all other Persons, (ix) pays its own liabilities out of its own funds, (x) observes all partnership, corporate or limited liability company formalities and procedures required under its organizational documents and applicable law, as applicable,

(xi) pays the salaries of its own employees, if any, and maintains a sufficient number of employees, if any, in light of its contemplated business operations,

(xii) does not assume or guarantee or otherwise obligate itself with respect to the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, (xiii) does not acquire obligations or securities of its Affiliated partners, members or shareholders, (xiv) allocates fairly and reasonably shared expenses, including, without limitation, any overhead for shared office space, if any, (xv) does not and will not pledge its assets for the benefit of any other Person or make any loans or advances to any other Person, (xvi) does and will continue to use commercially reasonable efforts to correct any known misrepresentation or misunderstanding regarding its separate identity, (xvii) maintains adequate capital in light of its reasonably foreseeable business operations, (xviii) has and will continue to have a partnership or operating agreement, certificate of incorporation, articles of organization or other organizational document which has been approved by Lender (Lender hereby acknowledges that each of Borrower and Guarantor is approved in connection with the foregoing), (xix) uses separate stationary, invoices, and checks, (xx) maintains an arms-length relationship with its Affiliates, (xxi) has not and will not engage in, seek, or consent to the dissolution, winding up, liquidation, termination, consolidation or merger and except as otherwise permitted in this Agreement, and (xxii) has not and will not engage in, seek or consent to any sale of all or substantially all of its assets and, except as permitted hereunder, transfer any partnership, membership or shareholder interests, or amendments of its partnership or operating agreement, certificate of incorporation, articles of organization or other organizational document. In addition, if such Person is a partnership, (1) all general partners of such Person shall be Single Purpose Entities; and (2) if such Person has more than one general partner, then the organizational documents shall provide that such Person shall continue (and not dissolve) for so long as a solvent general partner exists. In addition, if such Person is a corporation, then, at all times: (a) such Person shall have at least two (2) Independent Directors and (b) the board of directors of such Person may not take any action requiring the unanimous affirmative vote of 100% of the members of the board of directors unless all of the directors, including the Independent Directors, shall have participated in such vote. In addition, if such Person is a limited liability company, (a) such Person shall have at least two (2) Independent Managers or Independent Members, (b) if such Person is managed by a board of managers, the board of managers of such Person may not take any action as to any Bankruptcy Actions requiring the unanimous affirmative vote of 100% of the members of the board of managers unless all of the managers, including the Independent Managers, shall have participated in such vote, (c) if such Person is not managed by a board of managers as to any Bankruptcy Actions, the members of such Person may not take any action requiring the affirmative vote of 100% of the members of such Person unless all of the members, including the Independent Members, shall have participated in such vote, (d) each managing member of Borrower shall be a Single Purpose Entity, (e) its articles of organization, certificate of formation and/or operating agreement, as applicable, shall provide that until all of the Indebtedness is paid in full such entity will

not dissolve and (f) if such Person has more than one (1) managing member, then the organizational documents shall provide that such Person shall continue (and not dissolve) for so long as a solvent managing member exists. In addition, the organizational documents of such Person shall provide that such Person (1) without the affirmative consent of all of the Independent Directors, Independent Managers or Independent Members, as applicable, shall not with respect to itself or to any other Person in which it has a direct or indirect legal or beneficial interest (a) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or other similar official for the benefit of the creditors of such Person or all or any portion of such Person's properties, (b) take any action that might cause such Person to become insolvent, petition or otherwise institute insolvency proceedings or otherwise seek any relief under any laws relating to the relief from debts or the protection of debtors generally, (c) instituting proceedings to have such Person adjudicated as bankrupt or insolvent, (d) file, consent to, acquiesce in the filing of, or join in the filing of a bankruptcy or insolvency petition or the institution of bankruptcy or insolvency proceedings against such Person, (e) file a petition or consent to a petition seeking reorganization, arrangement, adjustment, winding-up, dissolution, composition, liquidation or other relief on behalf of such Person of its debts under any federal or state law relating to bankruptcy, (f) make any assignment for the benefit of the such Person's creditors; or (g) take any action in furtherance of any of the foregoing (such actions set forth in (a) through (g) of this sentence, collectively, BANKRUPTCY ACTIONS), (2) has and will maintain its books, records, resolutions and agreements as official records, (3) has held and will hold its assets in its own name, (4) has and will maintain its financial statements, accounting records and other organizational documents, books and records separate and apart from any other Person, (5) has not and will not identify its partners, members or shareholders, or any affiliates of any of them as a division or department of it, (6) has and will maintain an arms-length relationship with its Affiliates, and (7) has not and will not enter into or be a party to any transaction with its partners, members, shareholders, or its Affiliates except in the ordinary course of business and on terms which are intrinsically fair and are no less favorable to it than would be obtained in a comparable arms-length transaction with a third party.

SPECIAL TAXES shall mean any and all present or future taxes, levies, imposts, deductions, charges or withholdings, or any liabilities with respect thereto imposed as a result of the Loan, including those arising after the date hereof as result of the adoption of or any change in law, treaty, rule, regulation, guideline or determination of a Governmental Authority or any change in the interpretation or application thereof by a Governmental Authority but excluding, in the case of Lender, such taxes (including income taxes, franchise taxes and branch profit taxes) as are imposed on or measured by Lender's net income by the United States of America or any Governmental Authority of the jurisdiction under the laws under which Lender is organized or maintains a lending office.

SPE ENTITY shall mean Borrower and 731 Office One Holding LLC, a Delaware limited liability company, which are required by this Agreement to be, as long as the Loan is outstanding, a Single Purpose Entity.

STATE shall mean the State in which the Property or any part thereof is located.

STRUCTURAL RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

STRUCTURAL RESERVE AMOUNT shall have the meaning set forth in Section 16.3(a).

SUB-ACCOUNT(S) shall have the meaning set forth in Section 3.1.1.

SURVEY shall mean a survey of the Property prepared by a surveyor licensed in the State and satisfactory to Lender and the company or companies issuing the Title Policy, and containing a certification of such surveyor satisfactory to Lender.

TAKING shall mean a temporary or permanent taking by any Governmental Authority as the result of or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

TAX RESERVE ACCOUNT shall have the meaning set forth in Section 3.1.1.

TAX RESERVE AMOUNT shall have the meaning set forth in Section 16.1.

TAXES shall mean any and all taxes, fees, levies, duties, tariffs, imposts, surcharges and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental or taxing authority including, without limitation, (i) taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation or net worth, (ii) taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added or gains taxes, license registration and documentation fees, and (iii) customs' duties, tariffs and similar charges.

TERRORISM INSURANCE shall have the meaning set forth in Section 6.1.8.

THRESHOLD AMOUNT shall mean an amount equal to \$12,000,000.

TITLE COMPANY shall mean Lawyer's Title Insurance Corporation, National Land Tenure Company LLC, TitleServ, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company and Chicago Title Insurance Company.

TITLE POLICY shall mean an ALTA mortgagee title insurance policy in a form acceptable to Lender (or, if the Property is in a State which does not permit the issuance of such ALTA policy, such form as shall be permitted in such State and

acceptable to Lender) issued by the Title Company with respect to the Property and insuring the lien of the Security Instrument.

TOTAL LOSS shall mean (i) a casualty, damage or destruction of the Property, which, in the reasonable judgment of Lender, (A) involves an actual or constructive loss of more than thirty percent (30%) of the fair market value of the Property, or (B) results in the cancellation of leases comprising more than thirty percent (30%) of the rentable area of the Property, and in either case with respect to which Borrower is not required under the Bloomberg Lease to apply Proceeds to the restoration of the Property or (ii) a permanent Taking which, in the reasonable judgment of Lender, (A) involves an actual or constructive loss of more than fifteen percent (15%) of the fair market value of the Property, or (B) renders untenable either more than fifteen percent (15%) of the rentable area of the Property or (iii) a casualty, damage, destruction or Taking that affects so much of the Property such that it would be impracticable, in Lender's reasonable discretion, even after restoration, to operate the Property as an economically viable whole.

TRANSFER shall mean directly or indirectly (other than pursuant to the Loan Documents) sell, assign, convey, mortgage, transfer, pledge, hypothecate, encumber, grant a security interest in, exchange or otherwise dispose of any beneficial interest or grant any option or warrant with respect to, or where used as a noun, a direct or indirect sale, assignment, conveyance, transfer, pledge or other disposition of any beneficial interest by any means whatsoever whether voluntary, involuntary, by operation of law or otherwise.

TRIA shall have the meaning set forth in Section 6.1.8.

UCC or UNIFORM COMMERCIAL CODE shall mean the Uniform Commercial Code as in effect in the State.

UNDERWRITER GROUP shall have the meaning set forth in Section 14.4.2(b).

UNIT shall have the meaning set forth in the Condominium Declaration.

U.S. GOVERNMENT OBLIGATIONS shall mean any direct obligations of, or obligations guaranteed as to principal and interest by, the United States Government or any agency or instrumentality thereof, provided that such obligations are backed by the full faith and credit of the United States. Any such obligation must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. If any such obligation is rated by S&P, it shall not have an "r" highlighter affixed to its rating. Interest must be fixed or tied to a single interest rate index plus a single fixed spread (if any), and move proportionately with said index. U.S. Government Obligations include, but are not limited to: U.S. Treasury direct or fully guaranteed obligations, Farmers Home Administration certificates of beneficial ownership, General Services Administration participation certificates, U.S. Maritime Administration guaranteed Title XI financing, Small Business Administration guaranteed participation certificates or guaranteed pool certificates, U.S. Department of Housing and

Urban Development local authority bonds, and Washington Metropolitan Area Transit Authority guaranteed transit bonds. In no event shall any such obligation have a maturity in excess of 365 days.

WORK shall have the meaning provided in Section 6.2.4(a).

YIELD MAINTENANCE PREMIUM shall have the meaning set forth in the Note.

SECTION 1.2 PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. When used herein with respect to Annual Reports, the term "financial statements" shall include the notes and schedules thereto. Unless otherwise specified herein or therein, all terms defined in this Agreement shall have the definitions given them in this Agreement when used in any other Loan Document or in any certificate or other document made or delivered pursuant thereto. All uses of the word "including" shall mean including, without limitation unless the context shall indicate otherwise. Unless otherwise specified, the words hereof, herein and hereunder and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

II. GENERAL TERMS

SECTION 2.1 LOAN; DISBURSEMENT TO BORROWER.

2.1.1 THE LOAN. Subject to and upon the terms and conditions set forth herein, Lender hereby makes and Borrower hereby accepts the Loan on the Closing Date.

2.1.2 DISBURSEMENT TO BORROWER. Borrower may request and receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed. Borrower acknowledges and agrees that the full proceeds of the Loan have been disbursed by Lender to Borrower on the Closing Date.

2.1.3 THE NOTE, SECURITY INSTRUMENT AND LOAN DOCUMENTS. The Loan shall be evidenced by the Note and secured by the Security Instrument, the Assignment of Leases, this Agreement and the other Loan Documents.

2.1.4 USE OF PROCEEDS. Borrower shall use the proceeds of the Loan to (a) refinance any financing existing immediately prior to the making of the Loan which encumbers the Property, (b) pay costs and expenses incurred in connection with the closing of the Loan, (c) make deposits into the Sub-Accounts as required hereunder and (d) distribute the balance, if any, to Borrower.

CHARGE.

SECTION 2.2 INTEREST; LOAN PAYMENTS; LATE PAYMENT

2.2.1 PAYMENT OF PRINCIPAL AND INTEREST.

(a) Except as set forth in Section 2.2.1(b),

interest shall accrue on the Principal Amount as set forth in the Note.

(b) Upon the occurrence and during the continuance of an Event of Default and from and after the Maturity Date if the entire Principal Amount is not repaid on the Maturity Date, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, overdue interest and other amounts due in respect of the Loan shall accrue at the Default Rate calculated from the date such payment was due without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be computed from the occurrence of the Event of Default until the actual receipt and collection of the Indebtedness (or that portion thereof that is then due) or the cure of such Event of Default. To the extent permitted by applicable law, interest at the Default Rate shall be added to the Indebtedness, shall itself accrue interest at the same rate as the Loan and shall be secured by the Security Instrument. This paragraph shall not be construed as an agreement or privilege to extend the date of the payment of the Indebtedness, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default; and Lender retains its rights under the Note to accelerate and to continue to demand payment of the Indebtedness upon the happening of any Event of Default.

2.2.2 METHOD AND PLACE OF PAYMENT.

(a) On each Payment Date, Borrower shall pay to Lender interest accruing pursuant to the Note for the entire Interest Period ending on the day before such Payment Date.

(b) All amounts advanced by Lender pursuant to the applicable provisions of the Loan Documents, other than the Principal Amount, together with any interest at the Default Rate or other charges as provided therein, shall be due and payable hereunder as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under the Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

(c) The Maturity Date Payment shall be due and payable in full on the Maturity Date.

(d) From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied on each Payment Date as a partial prepayment of the outstanding principal Indebtedness, as set forth in Section

3.1.6(a)(vi). Interest accrued at the Revised

Interest Rate shall be deferred and shall earn interest at the Revised Interest Rate to the extent permitted by applicable law.

2.2.3 LATE PAYMENT CHARGE. If any principal, interest or any other sums due under the Loan Documents (other than the outstanding Principal Amount due and payable on the Maturity Date) is not paid by Borrower within two (2) Business Days after the date on which it is due (in the case of interest due hereunder, after giving effect to the grace period with respect thereto), Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the Maximum Legal Rate (the LATE PAYMENT CHARGE) in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by this Agreement, the Security Instrument and the other Loan Documents to the extent permitted by applicable law.

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

SECTION 2.3 PREPAYMENTS.

2.3.1 PREPAYMENTS. No prepayments of the Indebtedness shall be permitted except as set forth in Section 4 of the Note.

2.3.2 PREPAYMENTS AFTER EVENT OF DEFAULT. If, following an Event of Default, Lender shall accelerate the Indebtedness and Borrower thereafter tenders payment of all or any part of the Indebtedness, or if all or any portion of the Indebtedness is recovered by Lender after such Event of Default, (a) such payment may be made on any Business Day together with all unpaid interest thereon as calculated through the end of the then current Interest Period, and all other fees and sums payable hereunder or under the Loan Documents, including without limitation, interest that has accrued at the Default Rate, the Yield Maintenance Premium and any Late Payment Charge), (b) such payment shall be deemed a voluntary prepayment by Borrower, and (c)

in the event the payment occurs during the Lockout Period, Borrower shall pay, in addition to the Indebtedness, an amount equal to the Liquidated Damages Amount.

2.3.3 RELEASE OF PROPERTY. Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Principal Amount and interest on the Loan and all other amounts due and payable under the Loan Documents in accordance with the terms and provisions of the Note and this Agreement or upon a Defeasance in accordance with Section 9.1, release the Lien of (i) this Agreement upon the Account Collateral, (ii) the Security Instrument on the Property or assign it, in whole or in part, to a new lender as requested by Borrower, and (iii) release or assign (as requested by Borrower) to Borrower (or Borrower's nominee) all other Loan Documents (including UCC financing statements) other than the Environmental Indemnity. In such event, Borrower shall submit to Lender, not less than ten (10) Business Days prior to the date of such release or assignment, a release of lien or assignment of lien, as applicable, for such property for execution by Lender. Such release or assignment, as applicable, shall be in a form appropriate in each jurisdiction in which the Property is located and satisfactory to Lender in its reasonable discretion. In addition, at Borrower's sole cost and expense, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release or assignment, as applicable, and Lender, at Borrower's sole cost and expense, shall provide all other normal and customary documentation Borrower reasonably requested by Borrower that is reasonably acceptable to Lender in connection with such release or assignment.

SECTION 2.4 REGULATORY CHANGE; TAXES.

2.4.1 INCREASED COSTS. If as a result of any Regulatory Change or compliance of Lender therewith the basis of taxation of payments to Lender or any company Controlling Lender of the principal of or interest on the Loan is changed or Lender or the company Controlling Lender shall be subject to (i) any tax, duty, charge or withholding of any kind with respect to this Agreement (excluding federal taxation of the overall net income of Lender or the company Controlling Lender); or (ii) any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities, of Lender or any company Controlling Lender is imposed, modified or deemed applicable and Lender reasonably determines that, by reason thereof, the cost to Lender or any company Controlling Lender of making, maintaining or extending the Loan to Borrower is increased, or any amount receivable by Lender or any company Controlling Lender hereunder in respect of any portion of the Loan to Borrower is reduced, in each case by an amount deemed by Lender in good faith to be material (such increases in cost and reductions in amounts receivable being herein called INCREASED COSTS), then Lender shall provide notice thereof to Borrower and Borrower agrees that it will pay to Lender upon Lender's written request such additional amount or amounts as will compensate Lender or any company Controlling Lender for such Increased Costs to the extent Lender determines that such Increased Costs are allocable to the Loan. If Lender requests compensation under this Section 2.4.1, Borrower may, by notice to Lender, require that Lender furnish to Borrower a statement setting forth the basis for requesting such compensation and the method for determining

the amount thereof. To the extent Borrower is required to pay any Increased Costs in accordance with the terms hereof, Borrower shall have the right to prepay the Principal Amount (together with all accrued but unpaid interest thereon calculated through the end of the then current Interest Period) without the imposition of any Yield Maintenance Premium or the Liquidated Damages Amount or any other prepayment premium or charge of any kind.

2.4.2 SPECIAL TAXES. Borrower shall make all payments hereunder free and clear of and without deduction for Special Taxes, other than as may be imposed in connection with a sale or assignment of the Loan by Lender. If Borrower shall be required by law to deduct any Special Taxes from or in respect of any sum payable hereunder or under any other Loan Document to Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.4.2) Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. Notwithstanding anything to the contrary contained in this Section 2.4, Borrower shall not be liable for any amounts as a result of withholding for Special Taxes or additional costs incurred as a result of the assignment of all or any portion of the Loan by Lender to any Person that is subject to Special Taxes and which is organized under or has its principal place of business outside of the United States of America or any political subdivision thereof.

2.4.3 OTHER TAXES. In addition, Borrower agrees to pay any present or future stamp or documentary taxes or other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the other Loan Documents, or the Loan (hereinafter referred to as OTHER TAXES).

2.4.4 INDEMNITY. Borrower shall indemnify Lender for the full amount of Special Taxes and Other Taxes (including any Special Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 2.4.4) paid by Lender and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Special Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days after the date Lender makes written demand therefor.

2.4.5 CHANGE OF OFFICE. To the extent that changing the jurisdiction of Lender's applicable office would have the effect of minimizing Special Taxes, Other Taxes or Increased Costs, Lender shall use reasonable efforts to make such a change, provided that same would not otherwise be disadvantageous to Lender.

2.4.6 SURVIVAL. Without prejudice to the survival of any other agreement of Borrower hereunder, the agreements and obligations of Borrower contained

in this Section 2.4 shall survive the payment in full of principal and interest hereunder, and the termination of this Agreement.

III. CASH MANAGEMENT

SECTION 3.1 CASH MANAGEMENT.

3.1.1 ESTABLISHMENT OF ACCOUNTS. Borrower hereby confirms that, simultaneously with the execution of this Agreement, pursuant to the Account Agreement, it has established with Cash Management Bank, in the name of Borrower for the benefit of Lender, as secured party, the collection account (the COLLECTION ACCOUNT), which has been established as an interest-bearing deposit account and the holding account (the HOLDING ACCOUNT), which has been established as a securities account. Both the Collection Account and the Holding Account and each sub-account of either such account and the funds deposited therein and securities and other assets credited thereto shall serve as additional security for the Loan. Pursuant to the Account Agreement, Borrower shall irrevocably instruct and authorize Cash Management Bank to disregard any and all orders for withdrawal from the Collection Account or the Holding Account made by, or at the direction of, Borrower other than to transfer all amounts on deposit in the Collection Account on a daily basis to the Holding Account. Pursuant to the Account Agreement, Cash Management Bank on a daily basis shall transfer all collected and available funds as determined by Cash Management Bank's then current funds availability schedule received in the Collection Account to the Holding Account. Borrower agrees that, prior to the payment in full of the Indebtedness, the terms and conditions of the Account Agreement shall not be amended or modified without the prior written consent of Lender (which consent Lender may grant or withhold in its sole discretion), and if a Securitization has occurred, the delivery by Borrower of a Rating Agency Confirmation. In recognition of Lender's security interest in the funds deposited into the Collection Account and the Holding Account, Borrower shall identify both the Collection Account and the Holding Account with the name of Lender, as secured party. The Collection Account shall be named as follows: "731 Office One LLC f/b/o German American Capital Corporation, as secured party Collection Account" (Account Number 323962033). The Holding Account shall be named as follows: "731 Office One LLC f/b/o German American Capital Corporation, as secured party Holding Account" (Account Number 323962025). Borrower confirms that it has established with Cash Management Bank the following sub-accounts of the Holding Account (each, a SUB-ACCOUNT and, collectively, the Sub-Accounts and together with the Holding Account and the Collection Account, the COLLATERAL ACCOUNTS), which (i) may be ledger or book entry sub-accounts and need not be actual sub-accounts, (ii) shall each be linked to the Holding Account, (iii) shall each be a "Securities Account" pursuant to Article 8 of the UCC and (iv) shall each be an Eligible Account to which certain funds shall be allocated and from which disbursements shall be made pursuant to the terms of this Agreement:

(i) a sub-account for the retention of Account Collateral in respect of Debt Service on the Loan with the account number 323962025-01 (the DEBT SERVICE RESERVE ACCOUNT);

(ii) a sub-account for the retention of Account Collateral in respect of Real Estate Taxes and Other Charges for the Property with the account number 323962025-02 (the TAX RESERVE ACCOUNT);

(iii) a sub-account for the retention of Account Collateral in respect of insurance premiums for the Property with the account number 323962025-03 (the INSURANCE RESERVE ACCOUNT);

(iv) a sub- account for the retention of Account Collateral in respect of reserves for capital improvements to the Property with the account number 323962025-04 (the STRUCTURAL RESERVE ACCOUNT);

(v) a sub- account for the retention of Account Collateral in respect of reserves for budgeted Operating Expenses for the Property with the account number 323962025-07 (the OPERATING EXPENSE RESERVE ACCOUNT);

(vi) a sub- account for the retention of Account Collateral in respect of Proceeds as more fully set forth in Section 6.2 with the account number 323962025-05 (the PROCEEDS RESERVE ACCOUNT);

(vii) a sub-account for the retention of Account Collateral in respect of reserves relating to Debt Service shortfalls for the period prior to the final Rent Commencement Date with the account number 323962025-08 (the ADDITIONAL DEBT SERVICE RESERVE ACCOUNT);

(viii) a sub-account for the retention of Account Collateral in respect of the Alterations as more fully set forth in Section 10.3 with the account number 323962025-06 (the ALTERATIONS RESERVE ACCOUNT) and

(ix) a sub-account for the retention of Account Collateral in respect of the collection of Excess Cash Flow during a Cash Trap Period with the account number 323962025-09 (the CASH TRAP RESERVE ACCOUNT).

Amounts on deposit in the Holding Account and Sub-Accounts will be invested in Permitted Investments in accordance with the terms of the Account Agreement.

3.1.2 PLEDGE OF ACCOUNT COLLATERAL. To secure the full and punctual payment and performance of the Obligations, Borrower hereby collaterally assigns, grants a security interest in and pledges to Lender, to the extent not prohibited by applicable law, a first priority continuing security interest in and to Borrower's right, title and interest in and to the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located (all of the same, collectively, the ACCOUNT COLLATERAL):

(a) the Collateral Accounts and all cash, checks, drafts, securities entitlements, certificates, instruments and other property, including,

without limitation, all deposits and/or wire transfers from time to time deposited or held in, credited to or made to Collateral Accounts;

(b) any and all amounts invested in Permitted Investments;

(c) all interest, dividends, cash, instruments, securities entitlements and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing or purchased with funds from the Collateral Accounts; and

(d) to the extent not covered by clauses (a),

(b) or (c) above, all proceeds (as defined under the UCC) of any or all of the foregoing.

In addition to the rights and remedies herein set forth, Lender shall have all of the rights and remedies with respect to the Account Collateral available to a secured party at law or in equity, including, without limitation, the rights of a secured party under the UCC, as if such rights and remedies were fully set forth herein.

This Agreement shall constitute a security agreement for purposes of the Uniform Commercial Code and other applicable law.

3.1.3 MAINTENANCE OF BORROWER.

(a) Borrower agrees that the Collection Account is and shall be maintained (i) as a "deposit account" (as such term is defined in Section 9-102(a)(29) of the UCC), (ii) in such a manner that Lender shall have control (within the meaning of Section 9-104(a)(2) of the UCC) over the Collection Account and (iii) such that neither the Borrower nor Manager shall have any right of withdrawal from the Collection Account and, except as provided herein, no Account Collateral shall be released to the Borrower or Manager from the Collection Account. Without limiting the Borrower's obligations under the immediately preceding sentence, Borrower shall only establish and maintain the Collection Account with a financial institution that has executed an agreement substantially in the form of the Account Agreement or in such other form acceptable to Lender in its sole discretion.

(b) Borrower agrees that each of the Holding Account and the Sub-Accounts is and shall be (or if each such Sub-Account has yet to be established, will and shall be) maintained

(i) as a "securities account" (as such term is defined in Section 8-501(a) of the UCC), (ii) in such a manner that Lender shall have control (within the meaning of Section 8-106(d)(2) of the UCC) over the Holding Account and any Sub-Account thereof, (iii) such that neither Borrower nor any Manager shall have any right of withdrawal from the Holding Account or the Sub-Accounts and, except as provided herein, no Account Collateral shall be released to Borrower from the Holding Account or the Sub-Accounts, (iv) in such a manner that the Cash Management Bank shall agree to treat all property credited to the Holding Account or the Sub-Accounts as "financial assets" and (v) such that all securities or other property underlying any

financial assets credited to any of the Sub-Accounts shall be registered in the name of Cash Management Bank, indorsed to Cash Management Bank or in blank or credited to another securities account maintained in the name of Cash Management Bank and in no case will any financial asset credited to the Accounts be registered in the name of Borrower, payable to the order of Borrower or specially indorsed to Borrower except to the extent the foregoing have been specially indorsed to Cash Management Bank or in blank. Without limiting Borrower's obligations under the immediately preceding sentence, Borrower shall only establish and maintain the Holding Account with a financial institution that has executed an agreement substantially in the form of the Account Agreement or in such other form acceptable to Lender in its sole discretion.

3.1.4 ELIGIBLE ACCOUNTS. The Collateral Accounts shall be Eligible Accounts. The Collateral Accounts shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other banking or governmental authority, as may now or hereafter be in effect. Income and interest accruing on the Collateral Accounts or any investments held in such accounts shall be periodically added to the principal amount of such account and shall be held, disbursed and applied in accordance with the provisions of this Agreement and the Account Agreement. Borrower shall be the beneficial owner of the Collateral Accounts for federal income tax purposes and shall report all income on the Collateral Accounts.

3.1.5 DEPOSITS INTO SUB-ACCOUNTS. On the date hereof, Borrower has deposited the following amounts into the Sub-Accounts:

(i) \$382,217 into the Tax Reserve Account;

(ii) \$0 into the Insurance Reserve Account;

(iii) \$0 into the Debt Service Reserve Account;

(iv) \$0 into the Structural Reserve Account;

(v) \$0 into the Operating Expense Reserve Account;

(vi) \$11,169,694 into the Additional Debt Service Reserve Account;

Account; (vii) \$0 into the Alteration Reserve
Account; and (viii) \$0 into the Proceeds Reserve
Account. (ix) \$0 into the Cash Trap Reserve

3.1.6 MONTHLY FUNDING OF ACCOUNTS.

(a) Borrower hereby irrevocably authorizes

Lender to transfer (and, pursuant to the Account Agreement shall irrevocably authorize Cash

Management Bank to execute any corresponding instructions of Lender), and Lender shall transfer, from the Holding Account by 2:00 p.m. New York time commencing on the first (1st) Business Day of each calendar month, and on each Business Day thereafter until, but not including, the first (1st) Business Day of the next succeeding calendar month (such period, the COLLECTION PERIOD), or as soon thereafter as sufficient funds are in the Holding Account to make the applicable transfers, in the following amounts and in the following order of priority:

(i) during any period that Bloomberg is not required or has failed to pay Real Estate Taxes and Other Charges in full, funds in an amount equal to the Monthly Tax Reserve Amount and any other amounts required pursuant to Section 16.1 for the Collection Period in which the transfer from the Holding Account is made and transfer the same to the Tax Reserve Account (Borrower hereby agrees that prior to the final Rent Commencement Date, fifty (50%) percent of all Real Estate Taxes and Other Charges shall be paid directly out of the Tax Reserve Account from the Initial Tax Reserve Amount as more particularly set forth in Section 16.1 hereof);

(ii) during any period that Bloomberg is not required or has failed to pay the insurance premiums in full with respect to the policies required hereunder or the common charges related thereto pursuant to the Bloomberg Lease and the Condominium Declaration and/or the By-laws, funds in an amount equal to the Monthly Insurance Reserve Amount determined in accordance with Section 16.2 and any other amounts required pursuant to Section 16.2 for the Collection Period in which the transfer from the Holding Account is made and transfer the same to the Insurance Reserve Account;

(iii) funds in an amount equal to the amount of Debt Service due on the Payment Date in the Collection Period in which the transfer from the Holding Account is made and transfer the same to the Debt Service Reserve Account (provided, prior to the final Rent Commencement Date, Debt Service shall be paid directly out of the Additional Debt Service Reserve Account in accordance with the terms of Section 16.4 hereof);

(iv) during any period that Bloomberg is not required or has failed to pay the Operating Expenses for the Property in full, funds in an amount equal to the Approved Operating Expenses for the month in which the Payment Date immediately following the date of the transfer from the Holding Account occurs, and transfer the same to Borrower's Account; provided, however, that to the extent that the Officer's Certificate delivered to Lender on a quarterly basis by Borrower pursuant to Article XI provides evidence reasonably satisfactory to Lender that actual Operating Expenses for such calendar quarter were either less than or greater than Approved Operating Expenses, then Lender may direct Cash

Management Bank to increase or decrease the amount of the Approved Operating Expense transfer to be made for the month following the month in which such Officer's Certificate was delivered, such adjustment to be in an amount reasonably determined by Lender to appropriately reflect such difference between actual Operating Expenses and Approved Operating Expenses;

(v) during any period that Bloomberg is not required or has failed to pay the cost of any capital improvements for the Property in full, funds in an amount equal to the Monthly Structural Reserve Amount determined in accordance with Section 16.3 for the Collection Period in which the transfer from the Holding Account is made and transfer the same to the Structural Reserve Account; and

(vi) funds in an amount equal to the balance (if any) remaining or deposited in the Holding Account after the foregoing deposits (such remainder being hereinafter referred to as EXCESS CASH FLOW) and provided no Event of Default (which shall be governed by the terms of Section 3.1.10 hereof) or Cash Trap Period (which shall be governed by the terms of Section 16.5 hereof) shall have occurred and is then continuing, transfer any Excess Cash Flow (x) prior to the Anticipated Repayment Date, to the Borrower's Account and

(y) on or after the Anticipated Repayment Date, to the Debt Service Reserve Account to be applied as a partial prepayment of the principal Indebtedness without the imposition of any Yield Maintenance Premium or the Liquidated Damages Amount or any other prepayment premium or charge of any kind.

(b) If after such transfer, Lender shall reasonably determine that there are insufficient funds in the Tax Reserve Account to make payments of Real Estate Taxes and/or Other Charges when due, or if Lender shall reasonably determine that there will be insufficient amounts in the Collection Account or the Holding Account to make any of the transfers pursuant to this Section 3.1.6 inclusive on the date required hereunder on the next Payment Date, Lender shall provide notice to Borrower of such insufficiency (except that in no event shall Lender be required to notify Borrower of any deficiency in the Debt Service Reserve Account, such deficiency on any Payment Date being an Event of Default) and, within five (5) Business Days after receipt of said notice and prior to the expiration of any grace period applicable to such payment, Borrower shall deposit into the Holding Account, an amount equal to the shortfall of available funds in the Holding Account, taking into account any funds which accumulate in the Holding Account during such five (5) Business Day period. Notwithstanding anything to the contrary contained in this Agreement or in the other Loan Documents, Borrower shall not be deemed to be in default hereunder or thereunder in the event funds sufficient for a required transfer are held in the Holding Account, or the appropriate Sub-Account, and Lender or Cash Management Bank fails to timely make any transfer from the Holding Account, or

to or from such Sub-Account, as contemplated by this Agreement unless due to an act or omission of Borrower; and

(c) Notwithstanding anything to the contrary contained herein or in the Security Instrument, to the extent that Borrower shall fail to pay any mortgage recording tax, costs, expenses or other amounts pursuant to Section 19.12 of this Agreement (other than any such costs, expenses or other amounts to be paid at closing) within the time period set forth therein, Lender shall have the right, at any time, without notice to Borrower, to withdraw from the Holding Account, an amount equal to such unpaid taxes, costs, expenses and/or other amounts and pay such amounts to the Person(s) entitled thereto.

3.1.7 PAYMENTS FROM SUB-ACCOUNTS.

(a) Borrower irrevocably authorizes Lender to make and, provided no Event of Default shall have occurred and be continuing, Lender hereby agrees to make, the following payments from the Sub-Accounts to the extent of the monies on deposit therefor:

(i) funds from the Debt Service Reserve Account to Lender sufficient to pay Debt Service on each Payment Date, and Lender, on each Payment Date, shall apply such funds to the payment of the Debt Service payable on such Payment Date;

(ii) if notified (timely) by Borrower or otherwise determined by Lender in its reasonable discretion that Bloomberg will not pay Real Estate Taxes or Other Charges, funds from the Tax Reserve Account to Lender sufficient to permit Lender to pay (A) Real Estate Taxes and (B) Other Charges, on the respective due dates therefor, and Lender shall so pay such funds to the Governmental Authority having the right to receive such funds;

(iii) if notified (timely) by Borrower or otherwise determined by Lender in its reasonable discretion that Bloomberg will not pay the insurance premiums with respect to the policies required hereunder, funds from the Insurance Reserve Account to Lender sufficient to permit Lender to pay insurance premiums for the insurance required to be maintained pursuant to the terms of this Agreement and the Security Instrument, on the respective due dates therefor, and Lender shall so pay such funds to the insurance company having the right to receive such funds (or to Borrower as a reimbursement for premiums paid in accordance with the terms of Section 16.1.2 hereof);

(iv) if notified (timely) by Borrower or otherwise determined by Lender in its reasonable discretion that Bloomberg will not pay the operating expenses for the Property, no more frequently than once in any calendar month, funds from the Operating Expense Reserve

Account in an amount equal to the Approved Operating Expenses for the month in which the transfer is made, and transfer the same to Borrower's Account;

(v) if notified (timely) by Borrower or otherwise determined by Lender in its reasonable discretion that Bloomberg will not pay the cost of any capital improvements for the Property, no more frequently than once in any calendar month, funds from the Structural Reserve Account to the Borrower's Account to reimburse Borrower or to pay for the cost of capital improvements to the Property; and

(vi) payments from the Additional Debt Service Reserve Account will be made in accordance with the terms of Section 16.4.

(b) Provided that no Event of Default or Cash Trap Period has occurred and is continuing, Lender agrees to release to Borrower any amounts (or portions thereof) on deposit in the Tax Reserve Account, Insurance Reserve Account, Operating Expense Reserve Account and/or the Structural Reserve Account if Borrower provides written evidence reasonably satisfactory to Lender that Bloomberg has paid when due the item for which the amount on deposit was reserved for. To the extent in Lender's sole but reasonable discretion (whether based upon information provided by Borrower or otherwise) any such amounts (or portions thereof) would have been released to Borrower but for the continuance of a Cash Trap Period, such amounts (or portions thereof) will be transferred to the Cash Trap Reserve Account as additional Excess Cash Flow to be applied by Lender in accordance with the terms of Section 16.5 hereof.

3.1.8 CASH MANAGEMENT BANK.

(a) Lender shall have the right at Borrower's sole cost and expense to replace the Cash Management Bank with a financial institution reasonably satisfactory to Borrower in the event that (i) the Cash Management Bank fails, in any material respect, to comply with the Account Agreement, (ii) the Cash Management Bank named herein is no longer the Cash Management Bank, unless Lender has consented in writing to such change or the Cash Management Bank named herein has merged with, acquired or has been acquired by another bank which is and continues to be an Approved Bank or (iii) the Cash Management Bank is no longer an Approved Bank. Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right at Borrower's sole cost and expense to replace Cash Management Bank with an Approved Bank at any time, with three (3) Business Days prior notice to Borrower. Borrower shall cooperate with Lender in connection with the appointment of any replacement Cash Management Bank and the execution by the Cash Management Bank and the Borrower of an Account Agreement and delivery of same to Lender.

(b) So long as no Event of Default shall have occurred and be continuing, Borrower shall have the right at its sole cost and expense to replace the Cash Management Bank with a financial institution that is an Approved Bank provided that such financial institution and Borrower shall execute and deliver to Lender an Account and Control Agreement in substantially the form of the Account Agreement.

3.1.9 BORROWER'S ACCOUNT REPRESENTATIONS. Borrower represents, warrants and covenants that (i) as of the date hereof, Borrower has directed Bloomberg to either mail all checks or wire all funds with respect to rental funds due under the Bloomberg Lease directly into the Collection Account and has delivered to Bloomberg a letter substantially in the form attached hereto as EXHIBIT B, (ii) Borrower shall cause Manager to deposit all amounts payable to Borrower pursuant to the Management Agreement directly into the Collection Account, (iii) Borrower shall pay or cause to be paid all Rents, Cash and Cash Equivalents or other items of Operating Income not covered by the preceding clauses (i) and (ii) within two (2) Business Days after receipt thereof directly into the Collection Account and (iv) as of the date hereof, there are no accounts other than the Collateral Accounts maintained by Borrower or any other Person with respect to the collection of Rents with respect to the Property and, so long as the Loan shall be outstanding, neither Borrower nor any other Person shall open any other operating accounts with respect to the collection of Rents with respect to the Property except for the Collateral Accounts, provided that the foregoing shall not prohibit Borrower or Manager from utilizing one or more separate accounts for the disbursement or retention of funds that have been transferred to the Borrower's Account pursuant to

Section 3.1.6. Borrower hereby agrees that all amounts required to be deposited in the Collateral Accounts and received by Borrower or any of its Affiliates shall be deposited within two (2) Business Days of Borrower's receipt thereof, or after the occurrence of an Event of Default immediately, into the Collateral Accounts. Until so deposited, any such amounts held by Borrower, Manager or any Affiliate of Borrower or Manager shall be deemed to be Account Collateral and shall be held in trust by it for the benefit, and as the property, of Lender and shall not be commingled with any other funds or property of Borrower or Manager.

3.1.10 ACCOUNT COLLATERAL AND REMEDIES.

(a) Upon the occurrence and during the continuance of an Event of Default, without additional notice from Lender to Borrower, (i) Lender may, in addition to and not in limitation of Lender's other rights, make any and all withdrawals from, and transfers between and among, the Collateral Accounts as Lender shall determine in its sole and absolute discretion to pay any Obligations, Operating Expenses and/or capital expenditures for the Property; (ii) all Excess Cash Flow shall be retained in the Holding Account or applicable Sub-Accounts, (iii) all payments to Borrower's Account pursuant to Section 3.1.6 shall immediately cease and (iv) Lender may liquidate and transfer any amounts then invested in Permitted Investments to the Collateral Accounts to which they relate or reinvest such amounts in other Permitted Investments as Lender may reasonably determine is necessary to perfect or protect any security interest

granted or purported to be granted hereby or to enable Lender to exercise and enforce Lender's rights and remedies hereunder with respect to any Account Collateral or to preserve the value of the Account Collateral.

(b) Upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably constitutes and appoints Lender as Borrower's true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments and to exercise and enforce every right, power, remedy, option and privilege of Borrower with respect to the Account Collateral, and do in the name, place and stead of Borrower, all such acts, things and deeds for and on behalf of and in the name of Borrower, which Borrower could or might do or which Lender may deem necessary or desirable to more fully vest in Lender the rights and remedies provided for herein and to accomplish the purposes of this Agreement. The foregoing powers of attorney are irrevocable and coupled with an interest. Upon the occurrence and during the continuance of an Event of Default, Lender may perform or cause performance of any such agreement, and any reasonable expenses of Lender incurred in connection therewith shall be paid by Borrower as provided in Section 5.1.16.

(c) During a Cash Trap Period, all Excess Cash Flow shall be retained by Lender and applied in accordance with the terms of Section 16.5 hereof.

(d) Borrower hereby expressly waives, to the fullest extent permitted by law, presentment, demand, protest or any notice of any kind in connection with this Agreement or the Account Collateral. Borrower acknowledges and agrees that ten (10) days' prior written notice of the time and place of any public sale of the Account Collateral or any other intended disposition thereof shall be reasonable and sufficient notice to Borrower within the meaning of the UCC.

3.1.11 TRANSFERS AND OTHER LIENS. Borrower agrees that it will not (i) sell or otherwise dispose of any of the Account Collateral or (ii) create or permit to exist any Lien upon or with respect to all or any of the Account Collateral, except for the Lien granted to Lender, under this Agreement.

3.1.12 REASONABLE CARE. Beyond the exercise of reasonable care in the custody thereof, Lender shall have no duty as to any Account Collateral in its possession or control as agent therefor or bailee thereof or any income thereon or the preservation of rights against any person or otherwise with respect thereto. Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Account Collateral in its possession if the Account Collateral is accorded treatment substantially equal to that which Lender accords its own property, it being understood that Lender shall not be liable or responsible for any loss or damage to any of the Account Collateral, or for any diminution in value thereof, by reason of the act or omission of Lender, its Affiliates, agents, employees or bailees, except to the extent that such loss or damage results from Lender's, its Affiliate's, agent's, employee's or bailee's

gross negligence or willful misconduct. In no event shall Lender be liable either directly or indirectly for losses or delays resulting from any event which may be the basis of an Excusable Delay, computer malfunctions, interruption of communication facilities, labor difficulties or other causes beyond Lender's reasonable control or for indirect, special or consequential damages except to the extent of Lender's gross negligence or willful misconduct. Notwithstanding the foregoing, Borrower acknowledges and agrees that (i) Lender does not have custody of the Account Collateral, (ii) Cash Management Bank has custody of the Account Collateral, (iii) Cash Management Bank was originally chosen by Borrower and (iv) Lender has no obligation or duty to supervise Cash Management Bank or to see to the safe custody of the Account Collateral.

3.1.13 LENDER'S LIABILITY.

(a) Lender shall be responsible for the performance only of such duties with respect to the Account Collateral as are specifically set forth in this Section 3.1 or elsewhere in the Loan Documents, and no other duty shall be implied from any provision hereof. Lender shall not be under any obligation or duty to perform any act with respect to the Account Collateral which would cause it to incur any expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. Borrower shall indemnify and hold Lender, its employees and officers harmless from and against any loss, cost or damage (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in connection with the transactions contemplated hereby with respect to the Account Collateral except as such may be caused by the gross negligence or willful misconduct of Lender, its employees, officers or agents.

(b) Lender shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or signature believed by it in good faith to be genuine, and, in so acting, it may be assumed that any person purporting to give any of the foregoing in connection with the provisions hereof has been duly authorized to do so. Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder and in good faith in accordance therewith.

3.1.14 CONTINUING SECURITY INTEREST. This Agreement shall create a continuing security interest in the Account Collateral and shall remain in full force and effect until payment in full of the Indebtedness. Upon payment in full of the Indebtedness, this security interest shall automatically terminate without further notice from any party and Borrower shall be entitled to the return, upon its request, of such of the Account Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof and Lender shall execute such instruments and documents as may be reasonably requested by Borrower to evidence such termination and the release of the Account Collateral.

IV. REPRESENTATIONS AND WARRANTIES

SECTION 4.1 BORROWER REPRESENTATIONS.

Borrower represents and warrants as of the Closing Date that:

4.1.1 ORGANIZATION.

(a) Borrower has been duly organized as a limited liability company and is validly existing and in good standing pursuant to the laws of the state of Delaware with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Borrower has duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations. Borrower possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, and the sole business of Borrower is the management and operation of the Property. The organizational structure of Borrower is accurately depicted by the schematic diagram attached hereto as EXHIBIT C. Borrower shall not change its name, identity, corporate structure or jurisdiction of organization unless it shall have given Lender 30 days prior written notice of any such change and shall have taken all steps reasonably requested by Lender to grant, perfect, protect and/or preserve the security interest granted hereunder to Lender.

(b) Guarantor has been duly organized as a corporation and is validly existing and in good standing pursuant to the laws of the state of Delaware with requisite power and authority to own its properties and to transact the business in which it is now engaged.

4.1.2 PROCEEDINGS. Borrower has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents. This Agreement and the other Loan Documents have been duly executed and delivered by, or on behalf of, Borrower and constitute legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.1.3 NO CONFLICTS. The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower will not result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) upon any of the property or assets of Borrower and Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, partnership agreement or other agreement or instrument to which Borrower is a party or by which

any of Borrower's or Guarantor's property or assets is subject (unless consents from all applicable parties thereto have been obtained), nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any court or Governmental Authority having jurisdiction over Borrower or any of Borrower's or Guarantor's properties or assets, and any consent, approval, authorization, order, registration or qualification of or with any court or any such regulatory authority or other Governmental Authority required for the execution, delivery and performance by Borrower of this Agreement or any other Loan Documents has been obtained and is in full force and effect.

4.1.4 LITIGATION. Except as set forth on EXHIBIT D attached hereto, there are no arbitration proceedings, governmental investigations, actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to the best of Borrower's knowledge, threatened in writing against or affecting Borrower, any SPE Entity, Guarantor or the Property. The actions, suits or proceedings identified on EXHIBIT D, if determined against Borrower, any SPE Entity, Guarantor or the Property, would not materially and adversely affect the condition (financial or otherwise) or business of Guarantor or have a Material Adverse Effect.

4.1.5 AGREEMENTS. Borrower is not a party to any agreement or instrument or subject to any restriction which is reasonably likely to have a Material Adverse Effect. Borrower is not to the best of its knowledge in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial obligation (contingent or otherwise) under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property and (b) obligations under the Loan Documents.

4.1.6 TITLE. Borrower has good and insurable fee simple title to the Condominium Unit and all Common Elements appurtenant thereto and good and insurable title to the Improvements, free and clear of all Liens whatsoever except the Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. Borrower has good title to the remainder of the Property, free and clear of all Liens whatsoever except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with the Assignment of Leases and any Uniform Commercial Code financing statements required to be filed in connection therewith, will create (a) a valid, perfected first mortgage lien on Borrower's interest in and to the Condominium Unit and the Improvements, subject only to Permitted Encumbrances and (b) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Bloomberg Lease described therein), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. There are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents. Borrower represents and warrants that none of the Permitted Encumbrances will have a

Material Adverse Effect as of the Closing Date and thereafter. Borrower will preserve its right, title and interest in and to the Property (except for replacements thereof, if permitted hereby) for so long as the Note remains outstanding and will warrant and defend same and the validity and priority of the Lien hereof from and against any and all claims whatsoever other than the Permitted Encumbrances.

4.1.7 NO BANKRUPTCY FILING. Neither Borrower nor Guarantor is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such entity's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against Borrower or Guarantor.

4.1.8 FULL AND ACCURATE DISCLOSURE. No statement of fact made by Borrower in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not materially misleading. There is no fact presently known to Borrower and related to the Loan, the Property, Borrower, Manager, Guarantor or any Affiliate of any such Person which has not been disclosed which could reasonably be expected to have a Material Adverse Effect.

4.1.9 ALL PROPERTY. The Property constitutes all of the real property, personal property, equipment and fixtures currently (i) owned or leased by Borrower or (ii) used by Borrower, in the operation of the business located on the Property, other than items owned or leased by Bloomberg.

4.1.10 NO PLAN ASSETS.

(a) Except as set forth on SCHEDULE II, Borrower does not maintain an employee benefit plan as defined by Section 3(3) of ERISA, which is subject to Title IV of ERISA, and Borrower (i) has no knowledge of any material liability which has been incurred or is expected to be incurred by Borrower which is or remains unsatisfied for any taxes or penalties with respect to any "employee benefit plan," within the meaning of Section 3(3) of ERISA, or any "plan," within the meaning of Section 4975(e)(1) of the Internal Revenue Code or any other benefit plan (other than a multiemployer plan) maintained, contributed to, or required to be contributed to by Borrower or by any entity that is under common control with Borrower within the meaning of ERISA

Section 4001(a)(14) (a PLAN) or any plan that would be a Plan but for the fact that it is a multiemployer plan within the meaning of ERISA Section 3(37); and (ii) has made and shall continue to make when due all required contributions to all such Plans, if any. Each such Plan has been and will be administered in compliance with its terms and the applicable provisions of ERISA, the Internal Revenue Code, and any other applicable federal or state law; and no action shall be taken or fail to be taken that would result in the disqualification or loss of tax-exempt status of any such Plan intended to be qualified and/or tax exempt; and

(b) Borrower is not an employee benefit plan, as defined in Section 3(3) of ERISA, subject to Title I of ERISA, none of the assets of Borrower constitutes or will constitute plan assets of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101 and Borrower is not a governmental plan within the meaning of Section 3(32) of ERISA and transactions by or with Borrower are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

4.1.11 COMPLIANCE. Borrower and the Property and the use thereof comply in all respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes except where the failure to so comply individually or in the aggregate could not have a Material Adverse Effect. To the best of Borrower's knowledge, Borrower is not in default or in violation of any order, writ, injunction, decree or demand of any Governmental Authority. To the best of Borrower's knowledge, there has not been committed by Borrower any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

4.1.12 FINANCIAL INFORMATION. All the financial data including, without limitation, the statements of cash flow and income and operating expense, that have been delivered by or on behalf of Borrower and/or Guarantor to Lender in respect of the Property (i) are true, complete and correct in all material respects, (ii) fairly represent the financial condition of the Property as of the date of such reports, and (iii) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Other than the Bloomberg Lease, Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and likely to have a Material Adverse Effect on the operation of the Property as a Class A office building. Since the date of such financial statements, there has been no event that would have a Material Adverse Effect on the financial condition, operations or business of Borrower from that set forth in said financial statements.

4.1.13 CONDEMNATION. No Condemnation has been commenced or, to Borrower's knowledge, is contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

4.1.14 FEDERAL RESERVE REGULATIONS. None of the proceeds of the Loan will be used for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U, Regulation X or Regulation T or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry "margin stock" or for any other purpose which might constitute this transaction a "purpose credit"

within the meaning of Regulation U or Regulation X. As of the Closing Date, Borrower does not own any "margin stock."

4.1.15 UTILITIES AND PUBLIC ACCESS. The Property has rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service the Property for its intended uses. All utilities necessary to the existing use of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the Title Policy. All roads necessary for the use of the Property for its current purposes have been completed and, if necessary, dedicated to public use.

4.1.16 NOT A FOREIGN PERSON. Borrower is not a foreign person within the meaning of Section 1445(f)(3) of the Code.

4.1.17 SEPARATE LOTS. The Property is comprised of one (1) or more parcels which constitute a separate tax lot or lots and does not constitute or include a portion of any other tax lot not a part of the Property.

4.1.18 ASSESSMENTS. To the best of Borrower's knowledge, there are (i) no pending or proposed special or other assessments for public improvements or otherwise affecting the Property and (ii) no contemplated improvements to the Property that may result in such special or other assessments.

4.1.19 ENFORCEABILITY. The Loan Documents are not subject to any existing right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents, as a whole, unenforceable, and Borrower has not asserted any right of rescission, set-off, counterclaim or defense with respect thereto, subject to applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and to general principles of equity.

4.1.20 NO PRIOR ASSIGNMENT. There are no prior sales, transfers or assignments of the Bloomberg Lease or any portion of the Rents due and payable or to become due and payable, in each case which are presently outstanding following the funding of the Loan, other than those being terminated or assigned to Lender concurrently herewith.

4.1.21 INSURANCE. Borrower has not, and to the best of Borrower's knowledge no Person has, done by act or omission which would impair the coverage of any insurance policy covering the property.

4.1.22 USE OF PROPERTY. The Condominium Unit is to be used exclusively for Class-A office and other appurtenant and related uses.

4.1.23 CERTIFICATE OF OCCUPANCY; LICENSES. All certifications, permits, licenses and approvals, including without limitation, certificates of completion

and temporary occupancy permits for the core and shell of the Building required of Borrower for the contemplated legal use, occupancy and operation of the Condominium Unit as a Class A office building (collectively, the LICENSES), have been obtained and are in full force and effect except to the extent the failure to so maintain such item could not result in a Material Adverse Effect. Borrower shall keep and maintain, or shall cause to be kept and maintained, all Licenses necessary for the operation of the Property as a Class A office building. The use being made of the Condominium Unit is in conformity with the certificate of occupancy issued for the Condominium Unit.

4.1.24 FLOOD ZONE. None of the Improvements (including any recreational areas) on the Property are located in an area as identified by the Federal Emergency Management Agency as an area having special flood hazards.

4.1.25 PHYSICAL CONDITION. To the best of Borrower's knowledge and except as expressly disclosed in the Physical Conditions Report, the Property, including, without limitation, all buildings, Improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects; to the best of Borrower's knowledge and except as disclosed in the Physical Conditions Report, there exists no structural or other material defects or damages in or to the Property, whether latent or otherwise, and Borrower has not received any written notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

4.1.26 BOUNDARIES. To the best of Borrower's knowledge and in reliance on the Survey, all of the Improvements lie wholly within the boundaries and building restriction lines of the Property, and no improvements on adjoining properties encroach upon the Property, and no easements or other encumbrances upon the Property encroach upon any of the Improvements, so as to materially affect the value or marketability of the Property except those which are insured against by the Title Policy.

4.1.27 BLOOMBERG LEASE. The Property is not subject to any Leases other than the Bloomberg Lease. No Person has any possessory interest in the Property or right to occupy the same except under and pursuant to the provisions of the Bloomberg Lease. The Bloomberg Lease is in full force and effect and to Borrower's knowledge, there are no material defaults thereunder by either party and there are no conditions that, with the passage of time or the giving of notice, or both, would constitute material defaults thereunder. No Rent under the Bloomberg Lease has been paid more than one (1) month in advance of its due date. There has been no prior sale, transfer or assignment, hypothecation or pledge by Borrower of any Lease or of the Rents received therein, which will be outstanding following the funding of the Loan, other than those being assigned to Lender concurrently herewith. Other than as set forth in Section 40.1 of the Bloomberg Lease, Bloomberg does not have a right or option pursuant to the

Bloomberg Lease or otherwise to purchase all or any part of the property of which the leased premises are a part.

4.1.28 FILING AND RECORDING TAXES. All transfer taxes, recording fees, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the transfer of the Property to Borrower and the granting and recording of the Security Instrument and the UCCs have been paid. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Security Instrument, have been paid or will be paid by Borrower simultaneously with the recording of the Security Instrument, and, under current Legal Requirements, the Security Instrument is enforceable against Borrower in accordance with its terms by Lender (or any subsequent holder thereof), subject to applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and to general principles of equity.

4.1.29 SINGLE PURPOSE ENTITY/SEPARATENESS.

(a) Until the Indebtedness has been paid in full, Borrower hereby represents, warrants and covenants that Borrower and each SPE Entity is, shall be, and shall continue to be, a Single Purpose Entity.

(b) All of the assumptions made in the Non-Consolidation Opinion, including, but not limited to, any exhibits attached thereto, are true and correct in all respects and any assumptions made in any subsequent non-consolidation opinion delivered in connection with the Loan Documents (an ADDITIONAL NON-CONSOLIDATION OPINION), including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects. Borrower and each SPE Entity have complied and will comply with all of the assumptions made with respect to it in the Non-Consolidation Opinion. Borrower and each SPE Entity will have complied and will comply with all of the assumptions made with respect to it in any Additional Non-Consolidation Opinion. Each entity other than Borrower with respect to which an assumption shall be made in any Additional Non-Consolidation Opinion will have complied and will comply with all of the assumptions made with respect to it in any Additional Non-Consolidation Opinion.

4.1.30 MANAGEMENT AGREEMENT. The Management Agreement is in full force and effect and there is no default thereunder by any party thereto and no event has occurred that, with the passage of time and/or the giving of notice would constitute a default thereunder. The Manager is an Affiliate of Borrower.

4.1.31 ILLEGAL ACTIVITY. No portion of the Property has been or will be purchased with proceeds of any illegal activity.

4.1.32 NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE. All written information, reports, certificates and other documents submitted by Borrower to Lender in connection with the Loan are, to the best of Borrower's knowledge, accurate, complete and correct in all material respects. Except with respect to such representations and warranties contained in this Agreement or in any other Loan Document which are qualified as being made to the best of Borrower's knowledge, to Borrower's knowledge or words of similar import, all representations and warranties made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change known to Borrower in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects the Property or the business operations or the financial condition of Borrower.

4.1.33 TAX FILINGS. Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed, if any and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments payable by Borrower.

4.1.34 SOLVENCY/FRAUDULENT CONVEYANCE. Borrower (a) has not entered into the transaction contemplated by this Agreement or any Loan Document with the actual intent to hinder, delay, or defraud any creditor and (b) has received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loan, the fair saleable value of Borrower's assets exceeds and will, immediately following the making of the Loan, exceed Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of Borrower's assets is and will, immediately following the making of the Loan, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities on its Debts as such Debts become absolute and matured, Borrower's assets do not and, immediately following the making of the Loan will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur Debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such Debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of obligations of Borrower).

4.1.35 INVESTMENT COMPANY ACT. Borrower is not (a) an investment company or a company Controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended; (b) a holding company or a subsidiary company of a holding company or an affiliate of either a holding company or a subsidiary company within the mean of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

4.1.36 LABOR. No organized work stoppage or labor strike is pending or, to the best of Borrower's knowledge, threatened by employees and other

laborers at the Property. Borrower (i) is not involved in or, to the best of Borrower's knowledge, threatened with any labor dispute, grievance or litigation relating to labor matters involving any employees and other laborers at the Property, including, without limitation, violation of any federal, state or local labor, safety or employment laws (domestic or foreign) and/or charges of unfair labor practices or discrimination complaints; (ii) has not engaged in any unfair labor practices within the meaning of the National Labor Relations Act or the Railway Labor Act; and (iii) is not a party to, nor bound by, any collective bargaining agreement or union contract with respect to employees and other laborers at the Property and no such agreement or contract is currently being negotiated by the Borrower or any of its Affiliates.

4.1.37 **BROKERS.** Neither Lender nor Borrower has dealt with any broker or finder with respect to the transactions contemplated by the Loan Documents and neither Lender nor Borrower has done any acts, had any negotiations or conversations, or made any agreements or promises which will in any way create or give rise to any obligation or liability for the payment by either party of any brokerage fee, charge, commission or other compensation to any Person with respect to the transactions contemplated by the Loan Documents. Borrower and Lender shall each indemnify and hold harmless the other from and against any loss, liability, cost or expense, including any judgments, attorneys' fees, or costs of appeal, incurred by the other party and arising out of or relating to any breach or default by the indemnifying party of its representations, warranties and/or agreements set forth in this Section 4.1.37. The provisions of this Section 4.1.37 shall survive the expiration and termination of this Agreement and the payment of the Indebtedness.

4.1.38 **NO OTHER DEBT.** Borrower has not borrowed or received debt financing that has not been heretofore repaid in full, other than Permitted Debt.

4.1.39 **TAXPAYER IDENTIFICATION NUMBER.** The federal taxpayer identification number of Borrower is 06-1716800. The federal taxpayer identification number of 731 Office One LLC is 11-3712031.

4.1.40 **COMPLIANCE WITH ANTI-TERRORISM, EMBARGO AND**

ANTI-MONEY LAUNDERING LAWS. (i) None of Borrower, Guarantor or any Person who Controls Borrower, or Guarantor currently is identified on the OFAC List or otherwise qualifies as a Prohibited Person, and Borrower has implemented procedures to ensure that no Person who now or hereafter owns any direct equity interest in Borrower is a Prohibited Person or Controlled by a Prohibited Person, and (ii) none of Borrower or Guarantor is in violation of any Legal Requirements relating to anti-money laundering or anti-terrorism, including, without limitation, Legal Requirements related to transacting business with Prohibited Persons or the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, U.S. Public Law 107-56, and the related regulations issued thereunder, including temporary regulations, all as amended from time to time. To the best of Borrower's knowledge, no tenant at the Condominium Unit is currently identified on the OFAC List or otherwise qualifies as a Prohibited Person, and no tenant at the Condominium Unit is owned or Controlled by a Prohibited Person. Borrower has

determined that Manager has implemented procedures, approved by Borrower to ensure that no tenant at the Condominium Unit is a Prohibited Person or owned or Controlled by a Prohibited Person.

4.1.41 OFFICE OF FOREIGN ASSET CONTROL. Neither Borrower nor Guarantor shall (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits any Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower and the Guarantor, or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by any Lender at any time to enable any Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318 (the PATRIOT ACT). In addition, Borrower hereby agrees to provide to Lender with any additional information that Lender deems necessary from time to time in order to ensure compliance with all applicable Laws concerning money laundering and similar activities.

4.1.42 BLOOMBERG LEASE. Borrower represents that it has heretofore delivered to Lender true and complete copies of the Bloomberg Lease and any and all amendments or modifications thereof. No events or circumstances exist which with or without the giving of notice, the passage of time or both, may constitute a default on the part of Borrower under the Bloomberg Lease. Except as set forth on attached SCHEDULE III, Borrower or its predecessors have complied with and performed all of its or their material construction, improvement and alteration obligations with respect to the Property required under the Bloomberg Lease and any other obligations under the Bloomberg Lease that are required as of the date hereof have either been complied with or the failure to comply with the same does not and will not have a Material Adverse Effect. Borrower does not owe any brokerage, leasing or other commissions to any Person in connection with the Property (as such term is defined in the Condominium Documents). Borrower represents that the Upper Option Space (as defined in the Bloomberg Lease) consists solely of Office Unit 2.

4.1.43 CONDOMINIUM DECLARATION AND BY-LAWS. Borrower represents that it has heretofore delivered to Lender true and complete copies of the Condominium Declaration and the By-Laws and any and all amendments or modifications thereof. The Condominium Declaration and the By-Laws are in full force and effect and neither Borrower nor, to Borrower's knowledge, any other party to the Condominium Declaration and the By-Laws, is in default thereunder, and to the best of Borrower's knowledge, there are no conditions which, with the passage of time or the giving of notice, or both, would constitute a default thereunder. The Condominium Declaration and the By-Laws have not been modified, amended or supplemented. The Condominium Board consists of five (5) members. As of the date hereof, the members are as follows: Joseph Macnow, David Greenbaum, Glen Weiss, Barbara Wattenbach and Thomas Dunlap, the first two (2) of which were appointed by Borrower and are employees of VRT.

4.1.44 CONSTRUCTION MILESTONES. The construction of the Condominium Unit has reached and satisfied the Second Construction Milestone Stage, the Third Construction Milestone Stage and the Fourth Construction Milestone Stage, respectively (as such terms are defined in the Bloomberg Lease). Subject to the terms of Section 10.1 and Section 11.1 of the Bloomberg Lease, neither Borrower nor Bloomberg has any current or future right to terminate the Bloomberg Lease. Bloomberg is not currently entitled (i) to an extension of the Rent Commencement Date (as such term is defined in the Bloomberg Lease), (ii) entitled to any amounts from Borrower due to a delay in the delivery of any space to be delivered under the Bloomberg Lease or (iii) entitled to an abatement of Rents or credit pursuant to Article 22 of the Bloomberg Lease. Except as set forth on attached SCHEDULE III, all conditions precedent under the Bloomberg Lease for the commencement of the final Rent Commencement Date to occur no later than November 9, 2004 for all the premises to be delivered to Bloomberg, have occurred and Bloomberg is not entitled to any rent abatements or other payments from Borrower. To the best of Borrower's knowledge (after due inquiry), the aggregate amount to complete all construction related obligations of Borrower under the Bloomberg Lease pursuant to Article 22 thereof equals approximately \$550,000.00, all as more particularly set forth on attached SCHEDULE III. Bloomberg has received all credits it is entitled to under Section 22.2(C) of the Bloomberg Lease and is not entitled now or the future to any other sums under such section.

SECTION 4.2 SURVIVAL OF REPRESENTATIONS. Borrower agrees that all of the representations and warranties of Borrower set forth in Section 4.1 and elsewhere in this Agreement and in the other Loan Documents shall be deemed given and made as of the date of the funding of the Loan and survive for so long as any amount remains owing to Lender under this Agreement or any of the other Loan Documents by Borrower or Guarantor unless a longer survival period is expressly stated in a Loan Document with respect to a specific representation or warranty, in which case, for such longer period. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

V. BORROWER COVENANTS

SECTION 5.1 AFFIRMATIVE COVENANTS.

From the Closing Date and until payment and performance in full of all obligations of Borrower under the Loan Documents, Borrower hereby covenants and agrees with Lender that:

5.1.1 PERFORMANCE BY BORROWER. Borrower shall in a timely manner observe, perform and fulfill each and every covenant, term and provision of each Loan Document executed and delivered by, or applicable to, Borrower and shall not enter into or otherwise suffer or permit any amendment, waiver, supplement, termination or other modification of any Loan Document (other than any amendment, waiver,

supplement, termination or other modification of any Loan Document to which Lender must be a signatory) executed and delivered by, or applicable to, Borrower without the prior written consent of Lender.

5.1.2 EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS; INSURANCE. Subject to Borrower's right of contest pursuant to Section 7.3, Borrower shall at all times comply in all material respects and cause the Property to comply in all material respects with all Legal Requirements applicable to the Borrower, any SPE Entity and the Property and the uses permitted upon the Property. Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises necessary to comply in all material respects with all Legal Requirements applicable to it and the Property. There shall never be committed by Borrower, and Borrower shall not knowingly permit any other Person in occupancy of or involved with the operation or use of the Property to commit, any act or omission affording the federal government or any state or local government the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture. Borrower shall at all times maintain, preserve and protect all franchises and trade names and preserve all the remainder of its property used in the conduct of its business and shall keep (or cause Bloomberg to keep) the Property in good working order and repair, and from time to time make, or cause to be made, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all as more fully set forth in the Security Instrument. Borrower shall keep or cause Bloomberg to keep the Property insured at all times to such extent and against such risks, and maintain liability and such other insurance, as is more fully set forth in this Agreement.

5.1.3 LITIGATION. Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which, if determined adversely to Borrower, would have a Material Adverse Effect.

5.1.4 SINGLE PURPOSE ENTITY.

(a) Each of Borrower and each SPE Entity are, and from and after the date hereof shall remain, Single Purpose Entities.

(b) Other than distributions from Borrower to Guarantor from Excess Cash Flow to Guarantor or from Guarantor to its members, none of the funds or assets of Borrower or any SPE Entity will be diverted to any other Person or for other than business uses of Borrower or any SPE Entity, as applicable, nor will such funds or assets be commingled with the funds or assets of any other Affiliate.

(c) To the extent that Borrower or any SPE Entity shares the same officers or other employees as any of Borrower, any SPE Entity or Affiliates,

the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees.

(d) To the extent that Borrower or any SPE Entity jointly contracts with any of Borrower, any SPE Entity or either of their Affiliates, as applicable, to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among such entities, and each such entity shall bear its fair share of such costs. To the extent that either Borrower or any SPE Entity contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs. All material transactions between Borrower or each SPE Entity and any of their respective Affiliates shall be conducted on substantially the same terms (or on more favorable terms for Borrower or any SPE Entity, as applicable) as would be conducted with third parties.

(e) To the extent that Borrower, any SPE Entity or any of their Affiliates have offices in the same location, there shall be a fair and appropriate allocation of overhead costs among them, and each such entity shall bear its fair share of such expenses.

(f) Borrower and each SPE Entity shall conduct its affairs strictly in accordance with its organizational documents, and observe all necessary, appropriate and customary corporate, limited liability company or partnership formalities, as applicable, including, but not limited to, obtaining any and all members' consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, without limitation, payroll and intercompany transaction accounts.

(g) In addition, Borrower and each SPE Entity shall each: (a) maintain books and records separate from those of any other Person; (b) maintain its assets in such a manner that it is not more costly or difficult to segregate, identify or ascertain such assets; (c) hold regular meetings of its board of directors, shareholders, partners or members, as the case may be, and observe all other corporate, partnership or limited liability company, as the case may be, formalities; (d) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; (e) prepare separate tax returns and financial statements, or if part of a consolidated group, then it will be shown as a separate member of such group; (f) transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements; (g) conduct business in its name and use separate stationery, invoices and checks; (h) not commingle its assets or funds with those of any other Person; and (i) not assume, guarantee or pay the debts or

obligations of any other Person, except that Guarantor and/or Guarantor shall enter into the Recourse Guaranty and Environmental Indemnity.

5.1.5 CONSENTS. If Borrower or any SPE Entity is a corporation, the board of directors of such Person may not take any action requiring the affirmative vote of 100% of the members of the board of directors unless all of the directors, including the Independent Directors, shall have participated in such vote. If Borrower or any SPE Entity is a limited liability company, (a) if such Person is managed by a board of managers as to actions concerning Bankruptcy Actions, the board of managers of such Person may not take any action requiring the affirmative vote of 100% of the members of the board of managers unless all of the managers, including the Independent Managers, shall have participated in such vote, (b) if such Person is not managed by a board of managers as to actions concerning Bankruptcy Actions, the members of such Person may not take any action requiring the affirmative vote of 100% of the members of such Person unless all of the members, including the Independent Members, shall have participated in such vote. An affirmative vote of 100% of the directors, board of managers or members, as applicable, of Borrower and any SPE Entity shall be required for any Bankruptcy Action against Borrower or any SPE Entity. Furthermore, Borrower's and each SPE Entity's formation documents shall expressly state that for so long as the Loan is outstanding, none of Borrower nor any SPE Entity shall be permitted to (i) dissolve, liquidate, consolidate, merge or sell all or substantially all of Borrower's or any SPE Entity's assets other than in connection with the repayment of the Loan or (ii) engage in any other business activity and such restrictions shall not be modified or violated for so long as the Loan is outstanding.

5.1.6 ACCESS TO PROPERTY. Borrower shall permit agents, representatives and employees of Lender and the Rating Agencies to inspect the Property or any part thereof during normal business hours on Business Days, upon reasonable advance notice and subject to any limitations or restrictions in the Bloomberg Lease and accompanied by a representative of Borrower.

5.1.7 NOTICES OF CERTAIN OCCURRENCES. Borrower shall provide Lender written notice (a) promptly of any event or condition of which Borrower has knowledge that has or is likely to have a Material Adverse Effect, (b) promptly of the occurrence of any Event of Default of which Borrower has knowledge, (c) within three (3) Business Days of any Casualty Event, (d) within three (3) Business Days of any failure of Bloomberg to pay any operating expenses required to be paid by Bloomberg under the Bloomberg Lease (including, without limitation, taxes, insurance premiums, capital expenditures and without duplication, Operating Expenses), (e) within one Business Day of any Casualty Rent Restoration Date (together with an Officer's Certificate and supporting documentation acceptable to Lender in its sole but reasonable discretion demonstrating that the Casualty Rent Restoration Date has occurred) and (f) within one Business Day of any delay in the occurrence of any Rent Commencement Date.

5.1.8 COOPERATE IN LEGAL PROCEEDINGS. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which could reasonably be expected to affect in any way

affect the rights of Lender hereunder or under any of the other Loan Documents and, in connection therewith, permit Lender, at its election but subject to the same restrictions set forth in Section 19.12 hereof (regarding the commencement of a separate action to settle such proceedings by Lender), to participate in any such proceedings which may have a Material Adverse Effect.

5.1.9 PERFORM LOAN DOCUMENTS. Borrower shall observe, perform and satisfy all the terms, provisions, covenants and conditions of, and shall pay when due all costs, fees and expenses to the extent required, under the Loan Documents executed and delivered by, or applicable to, Borrower.

5.1.10 INSURANCE.

(a) Borrower shall cooperate with Lender in obtaining for Lender the benefits of any Proceeds lawfully or equitably payable in connection with the Property in accordance with the Loan Documents, and subject to the terms of the Bloomberg Lease and the Bloomberg SNDA and the Condominium Documents, and Lender shall be reimbursed for any reasonable out of pocket expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements) out of such Proceeds.

(b) Borrower shall comply with all Insurance Requirements and shall not bring or keep or permit to be brought or kept any article upon any of the Property or cause or permit any condition to exist thereon which would be prohibited by any Insurance Requirement, or would invalidate insurance coverage required hereunder to be maintained by Borrower on or with respect to any part of the Property pursuant to Section 6.1.

RESIZING. 5.1.11 FURTHER ASSURANCES; SEPARATE NOTES; LOAN

(a) Borrower shall execute and acknowledge (or

cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or now or hereafter intended to be created under this Agreement and the other Loan Documents and any security interest created or purported to be created thereunder, to protect and further the validity, priority and enforceability of this Agreement and the other Loan Documents, to subject to the Loan Documents any property of Borrower intended by the terms of any one or more of the Loan Documents to be encumbered by the Loan Documents, or otherwise carry out the purposes of the Loan Documents and the transactions contemplated thereunder provided that the foregoing shall not impose any additional material liability or obligation on, nor materially reduce the rights of Borrower. Borrower agrees that it shall, upon request, reasonably cooperate with Lender in connection with any request by Lender to sever the Note into two (2) or more separate substitute notes in an aggregate principal amount equal to the Principal Amount and to reapportion the Loan among such separate substitute notes, including, without limitation, by executing and delivering to Lender new substitute notes to replace

the Note, amendments to or replacements of existing Loan Documents to reflect such severance and/or Opinions of Counsel with respect to such substitute notes, amendments and/or replacements, provided that Borrower shall not be responsible for fees for any such fractionalization that are incurred following the Closing Date other than administrative costs and expenses of the Borrower. Subject to the foregoing sentence, Lender shall reimburse Borrower for its reasonable out-of-pocket fees, costs and expenses actually incurred in connection with such resizing. Any such substitute notes may as among themselves be pari passu, senior and subordinate and/or otherwise have varying principal amounts and economic terms, provided, however, that (i) the initial weighted average Applicable Interest Rate for the term of the Notes shall not exceed the Applicable Interest Rate under the Note immediately prior to the issuance of Notes; and (ii) subject to the effect of any prepayments of such notes after an Event of Default, the economics of the Loan (or severed portions thereof) and other terms of the Loan, taken as a whole, shall not be modified by such fractionalization in a manner which is in any material respect adverse to Borrower (except any increase in the weighted average interest rate of the Notes that may result after certain prepayments of the Loan have been made in accordance with the terms hereof). Upon the occurrence and during the continuance of an Event of Default, Lender may apply payment of all sums due Notes in such order and priority as Lender shall elect in its sole and absolute discretion.

(b) Borrower and Lender agree that Lender may, at any time, elect to reduce the mortgage debt on the Property and re-size the principal amount of the Loan and allocate the reduced portion to a mezzanine loan (a MEZZANINE LOAN). In connection with the foregoing, at Lender's sole cost and expense, Borrower agrees, subject to the provisions of this Section 5.1.11(b) to (i) create a new single purpose entity which will become the mezzanine borrower (a MEZZANINE BORROWER), and cause the Mezzanine Borrower and any members in Mezzanine Borrower to enter into the documents reasonably deemed necessary by Lender to evidence the Mezzanine Loan, including, without limitation, a promissory note and a mezzanine loan agreement (collectively, the MEZZANINE LOAN DOCUMENTS), which Mezzanine Loan Documents shall be subject to the review and approval of Borrower, not to be unreasonably withheld or delayed, (ii) cause Mezzanine Borrower to pledge the equity interests in the Borrower, (iii) execute and deliver such documents and other agreements reasonably required by Lender to reduce the amount of the mortgage debt encumbering the Property, including, without limitation, an amendment to the Note and the other Loan Documents, an endorsement to the Title Policy reflecting a change in the insured amount thereunder, legal opinions and other customary loan documentation, provided, that, cumulatively, the Mezzanine Loan Documents and the amendment to the Loan Documents and any other actions taken pursuant to this Section 5.1.11(b) will not (x) increase in any material respect the obligations or exposure, or decrease the rights, of the Mezzanine Borrower and Borrower under the Loan Documents and the Mezzanine Loan Documents, other than to a de minimis extent or (y) change the economic or other material terms of the Loan (taken as a whole with the Mezzanine Loan). Lender agrees to reimburse Borrower for all

out of pocket costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) actually incurred by Borrower in connection with any of the undertakings contemplated by this Section

5.1.11(b).

(c) In addition, Borrower shall, at Borrower's sole cost and expense:

(i) furnish to Lender, to the extent not otherwise already furnished to Lender and reasonably acceptable to Lender, all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents to the extent reasonably requested by Lender and in Borrower's or its Affiliate's possession;

(ii) execute and deliver, from time to time, such further instruments as may be reasonably requested by Lender to confirm the lien of the Security Instrument on any Building Equipment, Operating Asset or any Intangible;

(d) execute and deliver to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary to evidence, preserve and/or protect the collateral at any time securing or intended to secure the obligations of Borrower under the Loan Documents, as Lender may reasonably require.

5.1.12 MORTGAGE TAXES. Borrower shall pay all taxes, charges, filing, registration and recording fees, excises and levies payable with respect to the Note or the Liens created or secured by the Loan Documents, other than income, franchise and doing business taxes imposed on Lender.

5.1.13 OPERATION. Borrower shall, and, shall cause Manager to, (i) promptly perform and/or observe in all material respects all of the covenants and agreements required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any "event of default" under the Management Agreement of which it has notice; (iii) promptly deliver to Lender a copy of each financial statement, capital expenditures plan, property improvement plan and any other notice, report and estimate received by it under the Management Agreement that has been utilized by Manager or Borrower, as applicable, to prepare the financial statements required to be delivered by Borrower pursuant to Article XI; (iv) deliver to Lender the Annual Budget for the then-current fiscal year, which Annual Budget shall be reasonably acceptable to Lender and shall be certified by an Officer's Certificate; and (v) enforce in a commercially reasonable manner the performance and observance of all of the covenants and agreements required to be performed and/or observed by the Manager under the Management Agreement.

5.1.14 BUSINESS AND OPERATIONS. Borrower will continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for its ownership of the Property and the maintenance, management and operation of the Property as currently conducted by Borrower. Borrower will qualify to do business and will remain in good standing under the laws of the State as and to the extent the same are required for its ownership of the Property and the maintenance, management and operation of the Property as currently conducted by Borrower.

5.1.15 TITLE TO THE PROPERTY. Borrower will warrant and defend (a) the title to the Property and every part thereof, subject only to Liens permitted hereunder (including Permitted Encumbrances) and (b) the validity and priority of the Lien of the Security Instrument, the Assignment of Leases and this Agreement on the Property, subject only to Liens permitted hereunder (including Permitted Encumbrances), in each case against the claims of all Persons whomsoever. Borrower shall reimburse Lender for any actual out of pocket losses, costs, damages or expenses (including reasonable attorneys' fees and court costs) incurred by Lender if an interest in the Property, other than as permitted hereunder, is claimed by another Person.

5.1.16 COSTS OF ENFORCEMENT. In the event (a) that this Agreement or the Security Instrument is foreclosed in whole or in part or that this Agreement or the Security Instrument is put into the hands of an attorney for collection, suit, action or foreclosure, (b) of the foreclosure of any security agreement prior to or subsequent to this Agreement in which proceeding Lender is made a party, or a mortgage prior to or subsequent to the Security Instrument in which proceeding Lender is made a party, or (c) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, Borrower, its successors or assigns, shall be chargeable with and agrees to pay all reasonable costs of collection and defense, including reasonable attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

5.1.17 ESTOPPEL STATEMENT.

(a) Borrower shall, from time to time at the reasonable request of Lender, upon thirty (30) days' prior written request from Lender, execute, acknowledge and deliver to the Lender, an Officer's Certificate, stating that this Agreement and the other Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that this Agreement and the other Loan Documents are in full force and effect as modified and setting forth such modifications), stating the amount of accrued and unpaid interest and the outstanding principal amount of the Note and containing such other information with respect to the Borrower, the Property and the Loan as Lender shall reasonably request. The estoppel certificate shall also state either that, to the best of Borrower's knowledge, no Event of Default exists hereunder or, if any Event of Default shall exist hereunder, specify such Event of Default and the steps being taken to cure such Event of Default.

(b) Borrower shall use all commercially reasonable efforts to deliver to Lender upon Lender's reasonable request within twenty (20) Business Days of Lender's request an estoppel certificate from Bloomberg as required under Section 7.3 of the Bloomberg Lease.

5.1.18 LOAN PROCEEDS. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in Section 2.1.4.

5.1.19 NO JOINT ASSESSMENT. Borrower shall not suffer, permit or initiate the joint assessment of the Property (a) with any other real property constituting a tax lot separate from the Property, and (b) which constitutes real property with any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such real property portion of the Property and shall make commercially reasonable efforts to prevent Bloomberg from doing the same.

5.1.20 NO FURTHER ENCUMBRANCES. Borrower shall do, or cause to be done, all things necessary to keep and protect the Property and all portions thereof unencumbered from any Liens, easements or agreements granting rights in or restricting the use or development of the Property, except for (a) Permitted Encumbrances, (b) Liens created or permitted pursuant to the Loan Documents, (c) Liens for Impositions prior to the imposition of any interest, charges or expenses for the non-payment thereof and (d) any liens permitted pursuant to the Bloomberg Lease and shall make commercially reasonable efforts to prevent Bloomberg from doing the same.

5.1.21 EXPANSION SPACE; BLOOMBERG LEASE,
CONDOMINIUM DECLARATION AND BY-LAWS.

(a) Subject to the terms of the Security

Instrument, Lender will, at Borrower's request and cost and expense, reasonably cooperate with Borrower to permit Borrower to modify the Bloomberg Lease to exclude from the premises demised thereunder the Upper Option Space and/or Lower Option Space (as defined in the Bloomberg Lease). In connection with the foregoing, Borrower shall take (or shall cause to be taken) all actions reasonably requested by Lender.

(b) Borrower will promptly after receipt thereof deliver to Lender a copy of any notice received with respect to the Condominium Declaration, the By-Laws and the Bloomberg Lease claiming that Borrower is in default in the performance or observance of any of the material terms, covenants or conditions of any of the Condominium Declaration, the By-Laws or the Bloomberg Lease.

(c) All costs and expenses incurred by Lender (including, without limitation, reasonable attorney's fees) to effectuate any of the terms of this Section 5.1.21(a) and the terms of Section 15 of the Security

Instrument shall be paid promptly (or in advance if requested by Lender) by the Borrower.

5.1.22 NOTICE OF CERTAIN OCCURRENCES. In addition to all other notices required to be given by Borrower hereunder, Borrower shall give notice to Lender promptly upon the occurrence of: (a) any Event of Default; (b) any litigation or proceeding affecting Borrower or the Property or any part thereof in which the amount involved is \$3,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought and likely to be obtained; and (c) any default beyond applicable notice and cure periods under the Bloomberg Lease.

5.1.23 BEACON COURT CONDOMINIUM DECLARATION.

(a) Borrower shall cause the Condominium Board

(i) to keep the Common Elements insured (or shall maintain such insurance on behalf of the Condominium Board) as required pursuant to the Condominium Declaration, (ii) to appoint Lender as the Insurance Trustee (as such term is defined in the By-Laws) and (iii) to deliver any insurance proceeds payable to Borrower to Lender, and such insurance policies are hereby added to the definition of the term "Policies" set forth herein.

(b) Borrower shall upon the reasonable request of Lender use commercially reasonable efforts to deliver to Lender upon request, an estoppel certificate from the Condominium Board in form and substance reasonably satisfactory to Lender.

(c) Borrower shall observe and perform in all material respects each and every material term to be observed or performed by Borrower pursuant to the terms of the Condominium Declaration and the By-Laws.

(d) Borrower shall promptly deliver to Lender a true and complete copy of all notices of default received by the Borrower with respect to any obligation or duty of Borrower under the Condominium Declaration or the By-Laws.

(e) Borrower shall not, except with the prior written consent of Lender (i) institute any action or proceeding for partition of the Property, the Common Elements, the regime created with respect to the Property under the Condominium Declaration (the CONDOMINIUM REGIME) or the Condominium Unit, (ii) vote for or consent to any modification of, amendment to or relaxation in the enforcement of the Condominium Declaration or the By-Laws which could result in a Material Adverse Effect (it being further agreed in no event shall Borrower amend or modify any of the matters referred to in the Proxy without Lender's prior written consent, not to be unreasonably withheld, delayed or conditioned), (iii) in the event of damage to or destruction of the Property, the Common Elements or the Condominium Unit, vote in opposition to a motion to repair, restore or rebuild the Common Elements or the Condominium Unit, or (iv)

amend or modify any material terms or provisions of the Condominium Declaration or the By-Laws which could result in a Material Adverse Effect.

(f) Borrower shall not vote to terminate the Condominium Declaration without the prior written consent of Lender. Any agreement whereby the Condominium Declaration is terminated or the Property is withdrawn therefrom (and a replacement Condominium Declaration approved by Lender is not simultaneously recorded) shall be deemed a sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer prohibited under the Loan Documents and shall constitute an Event of Default.

SECTION 5.2 NEGATIVE COVENANTS.

From the Closing Date until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of this Agreement or the Security Instrument in accordance with the terms of this Agreement and the other Loan Documents, Borrower covenants and agrees with Lender that Borrower will not do, directly or indirectly, any of the following:

5.2.1 INCUR DEBT. Incur, create or assume any Debt other than Permitted Debt or Transfer or lease all or any part of the Property or any interest therein, except as permitted in the Loan Documents;

5.2.2 ENCUMBRANCES. Incur, create or assume or permit the incurrence, creation or assumption of any Debt secured by an interest in Borrower or any SPE Entity and shall not Transfer or permit the Transfer of any interest in Borrower or any SPE Entity except as permitted pursuant to Article VIII;

5.2.3 ENGAGE IN DIFFERENT BUSINESS. Engage, directly or indirectly, in any business other than that of entering into this Agreement and the other Loan Documents to which Borrower is a party and the use, ownership, management, leasing, renovation, financing, development, operation and maintenance of the Property and activities related thereto;

5.2.4 MAKE ADVANCES. Make advances or make loans to any Person, or hold any investments, except as expressly permitted pursuant to the terms of this Agreement or any other Loan Document;

5.2.5 PARTITION. Partition the Property;

5.2.6 COMMINGLE. Commingle its funds or assets with those of any other Person;

5.2.7 GUARANTEE OBLIGATIONS. Guarantee any obligations of any Person;

5.2.8 TRANSFER ASSETS. Transfer any asset other

than in the ordinary course of business or Transfer any interest in the Property except as may be permitted hereby or in the other Loan Documents;

5.2.9 AMEND ORGANIZATIONAL DOCUMENTS. Amend or modify any of its organizational documents without Lender's consent, other than in connection with any Transfer permitted pursuant to Article VIII or to reflect any change in capital accounts, contributions, distributions, allocations or other provisions that do not and could not reasonably be anticipated to have a Material Adverse Effect and provided that Borrower and each SPE Entity each remain a Single Purpose Entity;

5.2.10 DISSOLVE. Dissolve, wind-up, terminate, liquidate, merge with or consolidate into another Person, except as expressly permitted pursuant to this Agreement;

5.2.11 BANKRUPTCY. (i) dissolve, liquidate, consolidate, merge or sell all or substantially all of Borrower's assets other than in connection with the repayment of the Loan, (ii) engage in any other business activity or (iii) engage in any Bankruptcy Action against Borrower or any SPE Entity, without obtaining the prior consent of each of the Independent Managers of Borrower or such SPE Entity, as the case may be;

5.2.12 ERISA. Engage in any activity that would result in Borrower being an employee benefit plan, as defined in Section 3(3) of ERISA, or the assets of Borrower constituting plan assets of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101;

5.2.13 DISTRIBUTIONS. From and after the occurrence and during the continuance of an Event of Default, make any distributions to or for the benefit of any of its partners or members or its or their Affiliates.

5.2.14 MANAGER.

(a) Borrower shall not, without the prior written consent of Lender, which consent shall be in the Lender's reasonable discretion (and if a Securitization shall have occurred, Borrower may, in Lender's sole and absolute discretion and at Borrower's sole cost and expense, be required to obtain a Rating Agency Confirmation with respect to such action): enter into, materially modify, change, supplement, alter or amend the Management Agreement or waive or release any of its right and remedies under the Management Agreement that could have a Material Adverse Effect or replace the Manager with a Person other than a Qualified Manager. Borrower agrees that any Management Agreement shall require the Manager to hold itself out in the capacity as an agent of the Borrower party to such Management Agreement;

(b) Borrower shall notify Lender in writing (and shall deliver a copy of the proposed management agreement) of any entity proposed to be designated as a Qualified Manager of the Property not less than thirty (30) days

before such Qualified Manager, begins to manage the Property, and, if a Securitization shall have occurred, shall obtain prior to any appointment of a Qualified Manager a Rating Agency Confirmation, with respect to any proposed Qualified Manager.

(c) Upon the retention of a Qualified Manager, Lender shall have the right to approve (which approval shall be in the Lender's reasonable discretion) any new management agreement with such Qualified Manager. If a Securitization shall have occurred upon the retention of a Qualified Manager, Borrower shall at its sole cost and expense obtain shall obtain a Rating Agency Confirmation with respect to any new management agreement with such Qualified Manager. Borrower shall cause the Manager to enter into a Manager's Consent and Subordination of Management Agreement and shall deliver a reasonably acceptable Non-Consolidation Opinion covering such Manager if such Person (i) is not covered by the Non-Consolidation Opinion or an Additional Non-Consolidation Opinion, and (ii) is an Affiliate of Borrower.

(d) If, after Borrower shall have entered into a Management Agreement in accordance with the terms hereof, (a) a monetary Event of Default has occurred and is continuing, (b) with respect to any property manager that is not an Affiliate of Borrower, a material default (as determined by Lender in its sole and absolute discretion) occurs and is continuing under the terms of any Management Agreement or (c) the Manager shall become insolvent, Borrower shall, at the request of Lender, terminate the Management Agreement and replace the Manager with a Qualified Manager in accordance with this Section

5.2.14 and shall deliver a reasonably acceptable Non-Consolidation Opinion (except such opinion shall not be acceptable if not acceptable to any Rating Agency in such agency's sole and absolute discretion) covering such replacement Manager if such Person (i) is not covered by the Non-Consolidation Opinion or an Additional Non-Consolidation Opinion, and (ii) is an Affiliate of Borrower.

5.2.15 BLOOMBERG LEASE. Without the prior written consent of Lender (and if a Securitization shall have occurred, such consent may, in Lender's sole and absolute discretion, be conditioned upon Borrower delivering, at its sole cost and expense to Lender a Rating Agency Confirmation) (i) send Bloomberg written notice of its election to end the term of the Bloomberg Lease or (ii) take any action with respect to the Bloomberg Lease contemplated under Section 8.8.1.

5.2.16 MODIFY ACCOUNT AGREEMENT. Without the prior written consent of Lender, which shall not be unreasonably withheld, delayed or conditioned, (and if a Securitization shall have occurred, a Rating Agency Confirmation obtained by Borrower), execute any modification to the Account Agreement;

5.2.17 ZONING RECLASSIFICATION. Without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed, initiate or consent to (a) any zoning reclassification of any portion of the Property, (b) seek any variance under any existing zoning ordinance that could result in the use of the Property

becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, or (c) allow any portion of the Property to be used in any manner that could result in the use of the Property becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation;

5.2.18 CHANGE OF PRINCIPAL PLACE OF BUSINESS. Change its address for notice purposes set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice (but in any event, within any period required pursuant to the UCC) and there shall have been taken such action, reasonably satisfactory to Lender, as may be necessary to maintain fully the effect, perfection and priority of the security interest of Lender hereunder in the Account Collateral at all times;

5.2.19 DEBT CANCELLATION. Cancel or otherwise forgive or release any material claim or debt owed to it by any Person, except for adequate consideration or in a commercially reasonable course of its business;

5.2.20 MISAPPLICATION OF FUNDS. Distribute any revenue from the Property or any Proceeds in violation of the provisions of this Agreement, fail to remit amounts to the Collection Account or Holding Account, as applicable, as required by Section 3.1, misappropriate any security deposit or portion thereof or misapply the proceeds of the Loan; or

5.2.21 SINGLE-PURPOSE ENTITY. Fail to be a Single-Purpose Entity or take or suffer any action or inaction the result of which would be to cause it or any SPE Entity to cease to be a Single-Purpose Entity.

VI. INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

SECTION 6.1 INSURANCE COVERAGE REQUIREMENTS. Borrower shall, at its sole cost and expense, keep or cause to be kept in full force and effect insurance coverage of the types and minimum limits as follows during the term of this Agreement:

6.1.1 PROPERTY INSURANCE. Insurance against loss customarily included under so called "All Risk" policies including flood, earthquake, vandalism, and malicious mischief, boiler and machinery and such other insurable hazards as, under good insurance practices, from time to time are insured against for other property and buildings similar to the Improvements and Building Equipment in nature, use, location, height, and type of construction. Such insurance policy shall also insure the additional expense of demolition and if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, provide coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements and containing an "Ordinance or Law Coverage" or "Enforcement" endorsement. The amount of such "All Risk" insurance shall be not less than the Principal Amount. Each such insurance policy shall contain an agreed amount endorsement or a coinsurance waiver (or in the alternative, a no co-insurance policy) and replacement cost value endorsement and shall cover, without limitation, all tenant

improvements and betterments which Borrower is required to insure in accordance with any Lease (excluding subleases). If the insurance required under this paragraph is not obtained by blanket insurance policies, the insurance policy shall be endorsed to also provide a limit greater than 100% of the replacement cost. Lender shall be named as "Loss Payee" on a "Standard Mortgagee Endorsement" and be provided not less than thirty (30) days advance notice of change in coverage, cancellation or non-renewal.

6.1.2 LIABILITY INSURANCE. "General Public Liability" insurance, including, without limitation, "Commercial General Liability" insurance; "Owned" (if any), "Hired" and "Non Owned Auto Liability"; and "Umbrella Liability" coverage for "Personal Injury", "Bodily Injury", "Death, Accident and Property Damage", providing in combination no less than \$50,000,000 per occurrence and in the annual aggregate, per location. The policies described in this paragraph shall cover, without limitation, elevators, escalators, independent contractors, "Contractual Liability" (covering, to the maximum extent permitted by law, Borrower's obligation to indemnify Lender as required under this Agreement) and "Products and Completed Operations Liability" coverage. All public liability insurance shall name Lender as "Additional Insured" either on a specific endorsement or under a blanket endorsement satisfactory to Lender.

6.1.3 WORKERS' COMPENSATION INSURANCE. Statutory workers compensation and disability insurance (to the extent the risks to be covered thereby are not already covered by other policies maintained by Borrower), with respect to any work by Borrower performed on or about the Property.

6.1.4 COMMERCIAL RENTS INSURANCE. "Commercial rents" insurance in an amount equal to thirty-six (36) months actual rental loss (inclusive of any operating expenses and taxes regarding the Condominium Unit) with a limit of liability sufficient to avoid any co-insurance penalty and to provide Proceeds which will cover the actual loss of profits and rents sustained during the period of at least thirty-six (36) months following the date of casualty. Such policies of insurance shall be subject only to exclusions that are reasonably acceptable to Lender; provided, however, that such exclusions are reasonably consistent with those required for loans similar to the Loan provided herein. Such insurance shall be deemed to include "loss of rental value" insurance where applicable. The term "rental value" means the sum of (A) the total then ascertainable Rents payable under the Bloomberg Lease (other than subleases) and (B) the total ascertainable amount of all other amounts to be received by Borrower from third parties which are the legal obligations of Bloomberg, reduced to the extent such amounts would not be received because of operating expenses not incurred during a period of non-occupancy of that portion of such Property then not being occupied.

6.1.5 BUILDER'S ALL-RISK INSURANCE. During any period of repair or restoration, builder's "All-Risk" insurance on a completed value, non-reporting basis in an amount equal to not less than the full insurable value of the Property against such risks (including so called "All Risk" perils coverage and collapse of the Improvements to agreed limits as Lender may reasonably request, in form and substance reasonably acceptable to Lender).

6.1.6 BOILER AND MACHINERY INSURANCE. Comprehensive boiler and machinery insurance (without exclusion for explosion) covering all mechanical and electrical equipment, if any, located in, on or about the Property against physical damage, rent loss and improvement loss and covering, without limitation, all tenant improvements and betterments that Borrower is required to insure pursuant to any lease on a replacement cost basis. The minimum amount of limits to be provided shall be \$50,000,000 per accident.

6.1.7 FLOOD INSURANCE. If any portion of the Improvements is located within an area designated as "flood prone" or a "special flood hazard area" (as defined under the regulations adopted under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973), flood insurance shall be provided, in an amount not less than the maximum limit of coverage available under the Federal Flood Insurance plan with respect to the Property. Lender reserves the right to require flood insurance in excess of that available under the Federal Flood Insurance plan.

6.1.8 OTHER INSURANCE, LEASE TERMINATION INSURANCE
AND TERRORISM INSURANCE.

(a) Provided that the Terrorism Risk Insurance

Act of 2002 (TRIA) or a similar statute is in effect, Borrower shall be required to maintain or cause to be maintained insurance coverage relating to the acts of terrorism by or on behalf of foreign groups, individuals or interests (TERRORISM INSURANCE) on a per occurrence basis for the Building, the Commercial Premises, Residential Premises, Property, any Unit and/or any other interest in the Property (as each such term is defined in the Condominium Documents) in an amount equal to the sum of (x) the Principal Amount and (y) the amount of any Terrorism Insurance required by any other lender or Person that has a loan at any time secured by an interest in the Building, the Commercial Premises, Residential Premises, Property, any Unit and/or any other interest in the Property (as each such term is defined in the Condominium Documents) (the REQUIRED TERRORISM INSURANCE AMOUNT); provided, however, Lender agrees that Borrower shall not be required to spend (or cause the Condominium Board to spend) more than \$2,000,000 per annum for Terrorism Insurance (it being agreed that if the cost to purchase the Required Terrorism Insurance Amount exceeds \$2,000,000 per year, Borrower will only be required to obtain or cause to be obtained that amount of Terrorism Insurance that can be purchased for \$2,000,000 per annum). If TRIA or a similar statute is not in effect, then, provided that Terrorism Insurance is either (i) commercially available, or (ii) maintained for another Class "A" office property in the same geographic area as the Property which is owned directly or indirectly by an Affiliate of Borrower, then Borrower shall be required to carry Terrorism Insurance throughout the term of the Loan on a per occurrence basis for the Condominium Unit in an amount not less than the Principal Amount. Lender agrees that Terrorism Insurance may be provided under a blanket policy that is acceptable to Lender.

(b) At Lender's reasonable request, such other insurance with respect to the Property against loss or damage of the kinds from time to time customarily insured against and in such amounts as are generally required by institutional lenders on loans of similar amounts and secured by properties comparable to the Property.

6.1.9 RATINGS OF INSURERS. Borrower shall maintain the insurance coverage described in Section 6.1.1 through Section 6.1.8 above, in all cases, with one or more domestic primary insurers reasonably acceptable to Lender, having claims-paying-ability and financial strength ratings by S&P of not less than "A" and its equivalent by the other Rating Agencies. All insurers providing insurance required by this Agreement shall be authorized to issue insurance in the State; provided, however, if the insurance provided pursuant to Sections 6.1.1 and 6.1.4 is procured by a syndication of more than five (5) insurers then the foregoing requirements shall not be violated if such insurance is provided (a) under a blanket policy and at least sixty percent (60%) of the limits of insurance in place on the date hereof and thereafter is with the primary carrier having a claims paying ability rating of "A" or better and the other carriers having a claims paying ability rating of "BBB" or better by S&P and its equivalent by the other Rating Agencies.

6.1.10 FORM OF INSURANCE POLICIES; ENDORSEMENTS. All insurance policies shall be in such form (except to the extent the forms are "filed forms") and with such endorsements as are satisfactory to Lender (and Lender shall have the right to confirm amounts, form (except to the extent the forms are "filed forms"), risk coverage, deductibles, loss payees and insureds). A certificate of insurance with respect to all of the above-mentioned insurance policies has been delivered to Lender and Borrower shall make available all certificates of insurance or copies of such policies as are provided to it pursuant to the Bloomberg Lease, if any. Borrower shall make all originals or certified copies of all such policies available for Lender's review in New York City when the same are normally and customarily available following the Closing Date. All policies (except policies for worker's compensation) shall name Lender as an additional insured, shall provide that all Proceeds (except with respect to Proceeds of general liability and workers' compensation insurance) be payable to Lender as and to the extent set forth in Section 6.2, and shall contain: (i) a standard "non-contributory mortgagee" endorsement or its equivalent relating to recovery by Lender notwithstanding the negligent or willful acts or omissions of Borrower; (ii) a waiver of subrogation endorsement in favor of Lender; (iii) an endorsement providing that no policy shall be impaired or invalidated by virtue of any act, failure to act, negligence of, or violation of declarations, warranties or conditions contained in such policy by Borrower, Lender or any other named insured, additional insured or loss payee, except for the willful misconduct of Lender knowingly in violation of the conditions of such policy; and (iv) an endorsement providing for a deductible per loss of an amount not more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Property, but in no event in excess of an amount reasonably acceptable to Lender. Borrower shall use commercially reasonable efforts to have each such insurance policy also include (1) a provision that such policies shall not be canceled, terminated or expire without at least thirty (30) days' prior written notice to

Lender, in each instance and (2) a provision whereby the insurer agrees that such policy shall not be canceled or terminated, the coverage, deductible, and limits of such policy shall not be modified, other provisions of such policy shall not be modified is such policy, after giving effect to such modification, would not satisfy the requirements of this Agreement, and such policy shall not be canceled or fail to be renewed, without in each case, at least thirty (30) days prior written notice to Lender. Each insurance policy shall contain a provision whereby the insurer: (1) waives any right to claim any premiums and commissions against Lender, provided that the policy need not waive the requirement that the premium be paid in order for a claim to be paid to the insured, and (2) provides that Lender at its option, shall be permitted to make payments to effect the continuation of such policy upon notice of cancellation due to non-payment of premiums. In the event any insurance policy (except for general public and other liability and workers compensation insurance) shall contain breach of warranty provisions, such policy shall provide that with respect to the interest of Lender, such insurance policy shall not be invalidated by and shall insure Lender regardless of (A) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by any named insured, (B) the occupancy or use of the Property for purposes more hazardous than permitted by the terms thereof, or (C) any foreclosure or other action or proceeding taken by Lender pursuant to any provision of this Agreement.

6.1.11 CERTIFICATES. Borrower shall deliver to Lender annually, concurrently with the renewal of the insurance policies required hereunder, a certificate from Borrower's insurance agent stating that the insurance policies required to be delivered to Lender pursuant to this Section 6.1 are maintained with insurers who comply with the terms of Section

6.1.9, setting forth a schedule describing all premiums required to be paid by Borrower to maintain the policies of insurance required under this Section 6.1, and stating that Borrower has paid such premiums. Certificates of insurance with respect to all replacement policies shall be delivered to Lender not less than seven (7) Business Days prior to the expiration date of any of the insurance policies required to be maintained hereunder which certificates shall bear notations evidencing payment of applicable premiums. Borrower shall (i) subject to the second sentence of Section 6.1.10 hereof, make originals (or certified copies) of such replacement insurance policies available for review by Lender in New York City and (ii) use commercially reasonable efforts to deliver to Lender certificates of such replacement insurance policies within thirty (30) days after the effective date thereof and deliver such policies to Lender within five

(5) Business Days after Borrower's receipt thereof. If Borrower fails to maintain and make available the certified copies or originals of insurance policies or to deliver to Lender the certificates of insurance and required by this Agreement, upon five (5) Business Days' prior notice to Borrower, Lender may procure such insurance, and all costs thereof (and interest thereon at the Default Rate) shall be added to the Indebtedness. Lender shall not, by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Borrower hereby expressly assumes full responsibility therefor and all liability, if any, with respect.

6.1.12 SEPARATE INSURANCE. Borrower will not take out separate insurance contributing in the event of loss with that required to be maintained pursuant to this Section 6.1 unless such insurance complies with this Section 6.1.

6.1.13 BLANKET POLICIES. The insurance coverage required under Section 6.1 may be effected under a blanket policy or policies covering the Property and other properties and assets not constituting a part of the Property; provided that any such blanket policy shall specify, except in the case of public liability insurance, the portion of the total coverage of such policy that is allocated to the Property, and any sublimits in such blanket policy applicable to the Property, which amounts shall not be less than the amounts required pursuant to Section 6.1 and which shall in any case comply in all other respects with the requirements of this Section 6.1. Upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate setting forth (i) the number of properties covered by such policy, (ii) the location by city (if available, otherwise, county) and state of the properties, (iii) the average square footage of the properties (or the aggregate square footage), (iv) a brief description of the typical construction type included in the blanket policy and

(v) such other information as Lender may reasonably request. Borrower shall make all such policies available for inspection by Lender in Borrower's offices upon reasonable advance notice by Lender to Borrower. Borrower will not, and will not permit any other Person to amend the terms of the Credit Wrap Insurance Policy to add any other additional insured, mortgagee and/or loss payee of any insurance proceeds regarding the Building, the Commercial Premises, Residential Premises, Property, any Unit and/or any other interest in the Property (as each such term is defined in the Condominium Documents) (including, without limitation, adding any lender which finances any interest in any of the Building, the Commercial Premises, Residential Premises, any Unit and/or any other interest in the Property).

SECTION 6.2 CONDEMNATION AND INSURANCE PROCEEDS.

6.2.1 NOTIFICATION. Borrower will promptly notify Lender in writing upon obtaining knowledge of (i) the institution of any proceedings relating to any Taking (whether material or immaterial) of, or (ii) the occurrence of any casualty, damage or injury to the Property or any portion thereof, the restoration of which is estimated by Borrower in good faith to cost more than the Threshold Amount. In addition, each such notice shall set forth such good faith estimate of the cost of repairing or restoring such casualty, damage, injury or Taking in reasonable detail if the same is then available and, if not, as soon thereafter as it can reasonably be provided.

6.2.2 PROCEEDS. In the event of any Taking or any casualty or other damage or injury to the Property, Borrower's right, title and interest in and to all compensation, awards, proceeds, damages, claims, insurance recoveries, causes and rights of action (whether accrued prior to or after the date hereof) and payments which Borrower may receive or to which Borrower may become entitled with respect to the Property or any part thereof other than payments received in connection with any liability or loss of rental value or business interruption insurance (collectively, PROCEEDS), in connection with any such Taking of, or casualty or other damage or injury to, the Property or any part thereof are hereby assigned by Borrower to Lender and, except as

otherwise provided herein, in the Bloomberg Lease, in the Condominium Declaration or in the By-Laws, shall be paid to the Lender. Borrower will or will cause the Condominium Board to, in good faith and in a commercially reasonable manner, file and prosecute the adjustment, compromise or settlement of any claim for Proceeds and, subject to the Condominium Documents, the terms hereof and the Proxy, Borrower's right to receive the direct payment of any Proceeds and Bloomberg's right to such Proceeds under the Bloomberg Lease, will cause the same to be paid directly to Lender to be held and applied in accordance with the provisions of this Agreement. Except upon the occurrence and during the continuance of a Monetary Default or an Event of Default, Borrower may settle any insurance claim with respect to Proceeds which does not exceed the Threshold Amount. Subject to the Condominium Documents, whether or not a Monetary Default or an Event of Default shall have occurred and be continuing, Lender shall have the right to approve, such approval not to be unreasonably withheld, conditioned, or delayed any settlement which could in Lender's sole but reasonable discretion result in any Proceeds in excess of the Threshold Amount and Borrower will deliver or cause to be delivered to Lender all instruments reasonably requested by Lender to permit such approval. Borrower will pay all reasonable out-of-pocket costs, fees and expenses reasonably incurred by Lender (including all reasonable attorneys' fees and expenses, the reasonable fees of insurance experts and adjusters and reasonable costs incurred in any litigation or arbitration), and interest thereon at the Default Rate to the extent not paid within fifteen (15) days after delivery of a written request for reimbursement by Lender, in connection with the settlement of any claim for Proceeds and seeking and obtaining of any payment on account thereof in accordance with the foregoing provisions. If any Proceeds are received by Borrower and may be retained by Borrower pursuant to this Section 6.2, such Proceeds shall, until the completion of the related Work, be held in trust for Lender and shall be segregated from other funds of Borrower to be used to pay for the cost of the Work in accordance with the terms hereof, and in the event such Proceeds exceed the Threshold Amount (unless such Proceeds are the result of a Casualty Event), such Proceeds shall be forthwith paid directly to and held by Lender in the Proceeds Reserve Account in trust for Borrower, in each case to be applied or disbursed in accordance with this Section 6.2 subject to the Bloomberg Lease, the Condominium Declaration and/or the By-Laws. If an Event of Default shall have occurred and be continuing, or if Borrower fails to file and/or prosecute (or fails to cause the Condominium Board to file and/or prosecute) any insurance claim for a period of fifteen (15) Business Days following Borrower's receipt of written notice from Lender, Borrower hereby irrevocably empowers Lender, in the name of Borrower as its true and lawful attorney-in-fact, to file and prosecute such claim (including settlement thereof) with counsel satisfactory to Lender and to collect and to make receipt for any such payment, all at Borrower's expense (including payment of interest at the Default Rate for any amounts advanced by Lender pursuant to this Section

6.2 and not reimbursed by Borrower within thirty (30) days). Notwithstanding anything to the contrary set forth in this Agreement, however, and excluding situations requiring prepayment of the Note, to the extent any Proceeds (either singly or when aggregated with all other then unapplied Proceeds with respect to the Property) do not exceed the Threshold Amount (unless such Proceeds are the result of a Casualty Event), such Proceeds are to be paid directly to Borrower to be applied to restoration of the Property in accordance with the terms hereof

(except that Proceeds paid in respect of the insurance described in Section 6.1.4 shall be deposited directly to the Collection Account as revenue of the Property).

6.2.3 LENDER TO TAKE PROCEEDS. Subject to the Bloomberg Lease, the Condominium Declaration and/or the By-Laws, if (i) a Monetary Default or an Event of Default shall have occurred and be continuing, or (ii) a Total Loss with respect to the Property shall have occurred, or (iii) the Work is not capable of being completed before the earlier to occur of the date which is three (3) months prior to the earlier of the Anticipated Repayment Date and the date on which the business interruption insurance carried by Borrower with respect to the Property shall expire (the CUT-OFF DATE), unless on or prior to the Cut-Off Date the Borrower (x) shall deliver to the Lender and there shall remain in effect a binding written offer, subject only to customary conditions, of an Approved Bank or such other financial institution or investment bank reasonably satisfactory to Lender duly authorized to originate loans secured by real property located in the State for a loan from such Approved Bank or such other financial institution or investment bank to the Borrower in a principal amount of not less than the then Principal Amount and which shall, in the Lender's reasonable judgment, enable the Borrower to refinance the Loan prior to the Anticipated Repayment Date and (y) if a Securitization shall have occurred, shall obtain a Rating Agency Confirmation, or (iv) Bloomberg shall exercise its termination right under the Bloomberg Lease, or (v) the Property is not capable of being restored substantially to its condition prior to such Taking or casualty and such incapacity shall have a Material Adverse Effect, then in any such case, all Proceeds (other than any amounts to which Bloomberg is entitled to under the Bloomberg Lease or any other party is entitled to under the Condominium Declaration or By-Laws) shall be paid over to Lender (if not paid directly to Lender) and any Proceeds (other than any amounts to which Bloomberg is entitled to under the Bloomberg Lease or any other party is entitled to under the Condominium Declaration or By-Laws) remaining after reimbursement of Lender's or its agent's reasonable out-of-pocket costs and expenses actually incurred in connection with recovery of any such Proceeds (including, without limitation, reasonable out-of-pocket administrative costs and inspection fees) shall be applied by Lender to prepay the Note in accordance with the provisions thereof, and the balance, if any shall be paid to the Borrower; provided, however, if such Proceeds would pursuant to the terms of this Section be applied to prepay the Note solely as a result of a Monetary Default, Lender shall not apply such Proceeds to prepay the Loan until such Monetary Default results in an Event of Default.

6.2.4 BORROWER TO RESTORE.

(a) Subject to the Bloomberg Lease, the Condominium Declaration and the By-Laws and promptly after the occurrence of any damage or destruction to all or any portion of the Property or a Taking of a portion of the Property, Borrower shall commence and diligently prosecute, or cause to be commenced and diligently prosecuted, to completion, subject to Excusable Delays, the repair, restoration and rebuilding of the Property (in the case of a partial Taking, to the extent it is capable of being restored) so damaged, destroyed or remaining after such Taking in full compliance with all material Legal Requirements and free and clear of any and all Liens except Permitted

Encumbrances (such repair, restoration and rebuilding are sometimes hereinafter collectively referred to as the WORK). The plans and specifications shall require that the Work be done in a workmanlike manner at least equivalent to the quality and character prior to the damage or destruction (provided, however, that in the case of a partial Taking, the Property restoration shall be done to the extent reasonably practicable after taking into account the consequences of such partial Taking), so that upon completion thereof, the Property shall be at least equal in value and general utility to the Property prior to the damage or destruction; it being understood, however, that Borrower shall not be obligated to restore the Property to the precise condition of the Property prior to any partial Taking of, or casualty or other damage or injury to, the Property, if the Work actually performed, if any, or failed to be performed, shall have no Material Adverse Effect on the value of the Property from the value that the Property would have had if the same had been restored to its condition immediately prior to such Taking or casualty. Subject to Borrower's rights pursuant to Section 2.3.3 to cause the Property to be released from the Lien of the Security Instrument, and subject to the Bloomberg Lease, the Condominium Declaration and the By-Laws, Borrower shall be obligated to restore the Property suffering a casualty or which has been subject to a partial Taking in accordance with the provisions of this Section 6.2 at Borrower's sole cost and expense whether or not the Proceeds shall be sufficient, provided that, if applicable, the Proceeds shall be made available to Borrower by Lender in accordance with this Agreement. Notwithstanding any term in the Loan Documents to the contrary, (i) any Work resulting from a Casualty Event may only be performed by an Approved Contractor (together with any sub-contractors hired by such Approved Contractor) pursuant to a construction contract acceptable to Lender in its sole but reasonable discretion (which must expressly include Lender as a third party beneficiary and permitted assignee of Borrower's rights under the contract) and (ii) Proceeds will only be made available by Lender to Borrower for Work resulting from a Casualty Event after Borrower provides to Lender (a) evidence that the Approved Contractor has provided payment and performance bonds (with Lender named as a dual obligee thereunder) for completion of all of the Work in favor of Lender (by way of a collateral assignment from Borrower and consented to in writing by the Approved Contractor) in form acceptable to Lender in its sole but reasonable discretion and (b) a completion guaranty from Guarantor in favor of Lender in form substantially identical to the form of guaranty attached hereto as Exhibit G (the COMPLETION GUARANTY) together with an Opinion of Counsel reasonably acceptable to Lender regarding the due organization and authority of Guarantor, enforcement of the guaranty and any other matters reasonably requested by Lender. After a Casualty Event occurs, Borrower agrees to cause Guarantor to deliver to Lender a duly executed copy of the Completion Guaranty within two (2) Business Days after the earlier to occur of (i) any election by Bloomberg not to terminate the Bloomberg Lease in accordance with the terms of Section 10.1(B)(1) thereof and (ii) the date Borrower delivers to Bloomberg a Casualty Statement pursuant to Section 10.1(B)(1) of the Bloomberg Lease which by its terms does not entitle Bloomberg to terminate the Bloomberg Lease.

(b) If Proceeds are not required to be applied toward payment of the Indebtedness pursuant to the terms hereof, the terms of the Bloomberg Lease, the terms of the Condominium Declaration or the terms of the By-Laws, then Lender shall make the Proceeds which it is holding pursuant to the terms hereof (after payment of any reasonable out-of-pocket expenses actually incurred by Lender in connection with the collection thereof plus interest thereon at the Applicable Interest Rate (from the date advanced through the date of reimbursement) to the extent the same are not paid within thirty (30) after request for reimbursement by Lender) available to Borrower for payment of or reimbursement of Borrower's or Bloomberg's expenses incurred with respect to the Work, upon the terms and subject to the conditions set forth in paragraphs (i), (ii) and (iii) below and in Section 6.2.4 and Section 6.2.5:

(i) at the time of loss or damage or at any time thereafter while Borrower is holding any portion of the Proceeds, there shall be no continuing or Event of Default;

(ii) if, at any time, the estimated cost of the Work (as estimated by the Independent Architect referred to in clause (iii) below) shall exceed the Proceeds (a DEFICIENCY), Borrower shall, at its option (within a reasonable period of time after receipt of such estimate) either deposit with or deliver to Lender (A) Cash and Cash Equivalents in amount equal to the Deficiency, (B) a Letter or Letters of Credit in an amount equal to the Deficiency, or (C) such other evidence of Borrower's ability to meet such excess costs and which is reasonably satisfactory to Lender and the Rating Agencies; for so long as a Deficiency shall exist, Lender shall not be required to make any Proceeds disbursement to Borrower;

(iii) Each of Lender and the Independent Architect shall have reasonably approved the plans and specifications for the Work and any change orders in connection with such plans and specifications; and

(iv) Lender shall, within a reasonable period of time prior to request for initial disbursement, be furnished with an estimate of the cost of the Work accompanied by an Independent Architect's certification as to such costs and appropriate plans and specifications for the Work. Borrower shall restore all Improvements such that when they are restored and/or repaired, such Improvements and their contemplated use comply in all material respects with all applicable Legal Requirements including zoning, environmental and building laws, codes, ordinances and regulations.

6.2.5 DISBURSEMENT OF PROCEEDS.

(a) Subject to Section 6.2.4, the Bloomberg Lease, the Condominium Declaration and the By-Laws, disbursements of the Proceeds in

Cash or Cash Equivalents to Borrower hereunder shall be made from time to time (but not more frequently than once in any month) by Lender but only for so long as no Event of Default shall have occurred and be continuing, as the Work progresses upon receipt by Lender of (i) an Officer's Certificate dated not more than ten (10) Business Days prior to the application for such payment, requesting such payment or reimbursement and describing the Work performed that is the subject of such request, the parties that performed such Work and the actual cost thereof, and also certifying that such Work and materials are or, upon disbursement of the payment requested to the parties entitled thereto, will be free and clear of Liens other than Permitted Encumbrances, (ii) evidence reasonably satisfactory to Lender that (A) all materials installed and work and labor performed in connection with such Work have been or, upon disbursement of the requested payments to the parties entitled thereto, will be, paid for in full and (B) there exists no notices of pendency, stop orders, mechanic's liens or notices of intention to file same (unless the same is required by State law as a condition to the payment of a contractor) or any liens or encumbrances of any nature whatsoever on the Property arising out of the Work which have not been either fully bonded to the satisfaction of Lender or discharged of record or in the alternative, fully insured to the satisfaction of Lender by the Title Company that issued the Title Policy and (iii) an Independent Architect's certificate certifying performance of the Work together with an estimate of the cost to complete the Work. No payment made prior to the final completion of the Work, as certified by the Independent Architect, except for payment made to contractors whose Work shall have been fully completed and from which final lien waivers have been received, shall exceed ninety percent (90%) (the RETAINAGE RELEASE THRESHOLD) of the value of the Work performed and materials furnished and incorporated into the Improvements from time to time until such time as fifty percent (50%) of such Work has been satisfactorily completed (as certified by the Independent Architect), at which time the Retainage Release Threshold with respect to such Work shall be increased to ninety-five (95%), and at all times the undisbursed balance of said Proceeds together with all amounts deposited, bonded, guaranteed or otherwise provided for pursuant to Section 6.2.4(b) above, shall be at least sufficient to pay for the estimated cost of completion of the Work; final payment of all Proceeds remaining with Lender shall be made upon receipt by Lender of a certification by an Independent Architect, as to the completion of the Work substantially in accordance with the submitted plans and specifications, final lien releases, and the filing of a notice of completion and the expiration of the period provided under the law of the State for the filing of mechanics' and materialmen's liens which are entitled to priority as to other creditors, encumbrances and purchasers, as certified pursuant to an Officer's Certificate, and delivery of a temporary certificate of occupancy for the core and shell with respect to the Work, or, if not applicable, an Officer's Certificate to the effect that a certificate of occupancy is not required.

(b) Subject to the Bloomberg Lease, the Condominium Declaration and the By-Laws, if, after the Work is completed and all costs of completion have been paid, there are excess Proceeds, Lender shall apply such

excess Proceeds with respect to the Taking of or casualty to the Property to the payment or prepayment of all or any portion of the Indebtedness secured hereby, without payment of the Yield Maintenance Premium, the Liquidated Damages Amount or any other prepayment fee or charge of any kind (except that interest shall be payable through the end of the then current Interest Period even if such period extends beyond the date of such prepayment) and any balance thereof, shall be paid over to Borrower.

VII. IMPOSITIONS, OTHER CHARGES, LIENS AND OTHER ITEMS

SECTION 7.1 BORROWER TO PAY IMPOSITIONS AND OTHER CHARGES. Borrower shall pay or cause to be paid all Impositions now or hereafter levied or assessed or imposed against the Property or any part thereof prior to the imposition of any interest, charges or expenses for the non-payment thereof and shall pay all Other Charges on or before the date they are due. Borrower shall deliver to Lender annually, no later than fifteen (15) Business Days after the first day of each fiscal year of Borrower, and shall update as new information is received, a schedule describing all Impositions, payable or estimated to be payable during such fiscal year attributable to or affecting the Property or Borrower. Subject to Borrower's right of contest set forth in

Section 7.3, as set forth in the next two sentences and provided that there are sufficient funds available in the Tax Reserve Account, Lender, on behalf of Borrower, shall pay all Impositions and Other Charges which are attributable to or affect the Property or Borrower, prior to the date such Impositions or Other Charges shall become delinquent or late charges may be imposed thereon, directly to the applicable taxing authority with respect thereto. Lender shall, or Lender shall direct the Cash Management Bank to, pay to the taxing authority or other relevant Person such amounts to the extent funds in the Tax Reserve Account are sufficient to pay such Impositions. Nothing contained in this Agreement or the Security Instrument shall be construed to require Borrower to pay any tax, assessment, levy or charge imposed on Lender in the nature of a franchise, capital levy, estate, inheritance, succession, income or net revenue tax.

SECTION 7.2 NO LIENS. Subject to its right of contest set forth in Section 7.3, Borrower shall at all times keep, or cause to be kept, the Property free from all Liens (other than Permitted Encumbrances) and shall pay when due and payable (or bond over) all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a Lien on the Property or any portion thereof and shall in any event cause the prompt, full and unconditional discharge of all Liens imposed on or against the Property or any portion thereof within sixty (60) days after receiving written notice of the filing (whether from Lender, the lienor any other Person) thereof. Borrower shall do or cause to be done, at the sole cost of Borrower, everything reasonably necessary to fully preserve the first priority of the Lien of the Security Instrument against the Property, subject to the Permitted Encumbrances. Upon the occurrence and continuance of an Event of Default with respect to its Obligations as set forth in this Article VII, Lender may (but shall not be obligated to) make such payment or discharge such Lien, and Borrower shall reimburse Lender within twenty (20) days after Lender's demand therefor for all such advances pursuant to Section 19.12 (together with

interest thereon at the Default Rate). Lender agrees that (x) the lien of the Security Instrument is, subject to the terms of the Condominium Declaration, subordinate to the Condominium Declaration (as amended from time to time in accordance with the terms of the Loan Agreement), and (y) Lender will confirm such subordination in a written instrument (in recordable form) in favor of the Condominium Board that is in form reasonably satisfactory to Lender from time to time (at the reasonable request of Borrower) within ten (10) Business days after Borrower's written request. All reasonable costs and expenses incurred by Lender in connection with the negotiation, preparation, execution and delivery of any Non-Disturbance Agreement, including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower (in advance, if requested by Lender).

SECTION 7.3 CONTEST. Nothing contained herein shall be deemed to require Borrower to pay, or cause to be paid, any Imposition, to satisfy any Lien, or to comply with any Legal Requirement or Insurance Requirement, so long as Borrower is in good faith, and by proper legal proceedings, where appropriate, diligently contesting the validity, amount or application thereof, provided that in each case, at the time of the commencement of any such action or proceeding, and during the pendency of such action or proceeding (i) no Event of Default shall exist and be continuing hereunder, (ii) Borrower shall keep Lender informed of the status of such contest at reasonable intervals, (iii) if Borrower is not providing security as provided in clause

(vi) below, adequate reserves with respect thereto are maintained on Borrower's books or in the Tax Reserve Account or Insurance Reserve Account, as applicable,

(iv) such contest operates to suspend collection or enforcement as the case may be, of the contested Imposition, Lien or Legal Requirement and such contest is maintained and prosecuted continuously and with diligence or the Imposition or Lien is bonded, (v) in the case of any Insurance Requirement, the failure of Borrower to comply therewith shall not impair the validity of any insurance required to be maintained by Borrower under Section 6.1 or the right to full payment of any claims thereunder, and (vi) in the case of Impositions and Liens in excess of \$5,000,000 individually, or in the aggregate, which are not bonded, during such contest, Borrower, shall deposit with or deliver to Lender either Cash and Cash Equivalents or a Letter or Letters of Credit in an amount equal to 110% of (A) the amount of Borrower's obligations being contested plus (B) any additional interest, charge, or penalty arising from such contest; provided, however, Borrower shall not be required to deliver such additional collateral if in Lender's sole but reasonable discretion a provision is made to Lender for protection of Lender's interest in the Property. Notwithstanding the foregoing, the creation of any such reserves or the furnishing of any bond or other security, Borrower promptly shall comply with any contested Legal Requirement or Insurance Requirement or shall pay any contested Imposition or Lien, and compliance therewith or payment thereof shall not be deferred, if, at any time the Property or any portion thereof shall be, in Lender's reasonable judgment, in imminent danger of being forfeited or lost or Lender is likely to be subject to civil or criminal damages as a result thereof. If such action or proceeding is terminated or discontinued adversely to Borrower, Borrower shall deliver to Lender reasonable evidence of Borrower's compliance with such contested Imposition, Lien, Legal Requirements or Insurance Requirements, as the case may be.

VIII. TRANSFERS, INDEBTEDNESS AND SUBORDINATE LIENS

SECTION 8.1 RESTRICTIONS ON TRANSFERS. Unless such action is permitted by the provisions of this Article VIII, Borrower shall not, and shall not permit any other Person to, except with the prior written consent of Lender, (i) Transfer all or any part of the Property, (ii) incur any Debt of Borrower, other than Permitted Debt or Permitted Encumbrances, or (iii) permit any Transfer (directly or indirectly) of any interest in Borrower, or any SPE Entity.

SECTION 8.2 SALE OF BUILDING EQUIPMENT. Borrower may Transfer or dispose of Building Equipment which is being replaced or which is no longer necessary in connection with the operation of the Property free from the Lien of the Security Instrument provided that such Transfer or disposal will not have a Material Adverse Effect on the value of the Property taken as a whole, will not materially impair the utility of the Property, and will not result in a reduction or abatement of, or right of offset against, the Rents payable under any Lease (excluding subleases), in either case as a result thereof, and provided that any new Building Equipment acquired by Borrower (and not so disposed of) shall be subject to the Lien of the Security Instrument. Lender shall, from time to time, upon receipt of an Officer's Certificate requesting the same and confirming satisfaction of the conditions set forth above, execute a written instrument in form reasonably satisfactory to Lender to confirm that such Building Equipment which is to be, or has been, sold or disposed of is free from the Lien of the Security Instrument.

SECTION 8.3 IMMATERIAL TRANSFERS AND EASEMENTS, ETC. Borrower may, without the consent of Lender, (i) make immaterial Transfers of portions of the Property to Governmental Authorities for dedication or public use (subject to the provisions of Section 6.2) or, portions of the Property to third parties for the purpose of erecting and operating additional structures whose use is integrated with the use of the Property, and (ii) grant easements, restrictions, covenants, reservations and rights of way in the ordinary course of business for access, water and sewer lines, cable, telephone and telegraph lines, electric lines or other utilities or for other similar purposes, provided that no such Transfer, conveyance or encumbrance set forth in the foregoing clauses (i) and (ii) shall materially impair the utility and operation of the Property or have a Material Adverse Effect on the value of the Property taken as a whole. In connection with any Transfer permitted pursuant to this Section 8.3, Lender shall execute and deliver any instrument reasonably necessary or appropriate, in the case of the Transfers referred to in clause (i) above, to release the portion of the Property affected by such Taking or such Transfer from the Lien of the Security Instrument or, in the case of clause (ii) above, to subordinate the Lien of the Security Instrument to such easements, restrictions, covenants, reservations and rights of way or other similar grants upon receipt by Lender of:

(a) thirty (30) days prior written notice thereof;

(b) a copy of the instrument or instruments of Transfer;

(c) an Officer's Certificate stating (x) with respect to any Transfer, the consideration, if any, being paid for the Transfer and (y) that such Transfer does not materially impair the utility and operation of the Property, materially reduce the value of the Property or have a Material Adverse Effect; and

(d) reimbursement of all of Lender's reasonable costs and expenses incurred in connection with such Transfer.

SECTION 8.4 INTENTIONALLY DELETED.

SECTION 8.5 PERMITTED TRANSFERS. A Transfer of (but not a mortgage, pledge, hypothecation, encumbrance or grant of a security interest in) a direct or indirect beneficial interest in Borrower shall be permitted without Lender's consent if (i) Lender receives thirty (30) days prior written notice thereof, (ii) such Transfer is to one or more Qualified Institutional Borrowers or one or more Persons wholly owned, directly or indirectly, by one or more Qualified Institutional Borrowers, (iii) immediately prior to such Transfer, no Event of Default shall have occurred and be continuing, (iv) subsequent to such Transfer, Borrower will continue to be a Single Purpose Entity, (v) a Qualifying Manager shall manage the Property, (vi) if (x) such Transfer causes the Transferee to own, in the aggregate with the ownership interests of its Affiliates and family members, more than a 49% interest in Borrower (and the Transferee (in the aggregate with the ownership interests of its Affiliates and family members) did not, prior to such Transfer, own more than a 49% interest in Borrower), or (y) such Transfer, together with all other Transfers by Borrower, whether in a single Transfer or in a series of Transfers and whether or not effected simultaneously, results in a Transfer of more than 49% of the aggregate limited liability interests in Borrower or (z) subsequent to any Transfer, Guarantor does not Control, directly or indirectly, Borrower,

(a) a reasonably acceptable non-consolidation opinion is delivered to Lender concerning, as applicable, Borrower, the new Transferee, any Person which subsequent to the permitted Transfer will own 49% or more of Borrower and/or their respective owners (if applicable), and (b) a Rating Agency Confirmation is obtained by Borrower and delivered to Lender and (vii) Borrower shall reimburse Lender, on the date of such Transfer, for all reasonable costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred or to be incurred by Lender in connection with such Transfer. Notwithstanding the foregoing, nothing contained in this Agreement or the other Loan Documents shall in any way restrict or prohibit, nor shall any notice to Lender or consent of Lender be required in connection with (1) the Transfer or issuance of any securities or any direct or indirect interests in any direct or indirect owner of Borrower that is publicly traded on a national exchange (including, for so long as it is an indirect owner of Borrower, Guarantor and/or Vornado Realty Trust, a Maryland business trust (VRT), as the case may be), or (2) the merger or consolidation of Guarantor and/or VRT, as the case maybe, with or into any other Person (each, a PUBLIC TRANSFER, and collectively, the PUBLIC TRANSFERS); provided, however, that, if any Public Transfer or series of Public Transfers (other than the sale of publicly traded shares in Guarantor and/or VRT, as applicable, in the ordinary course of business) shall result in a change in Control of Guarantor and/or VRT, as applicable, then Lender's prior written consent shall be required (and, after a Securitization, a Rating Agency Confirmation shall be required) in connection with such Public Transfer unless

after giving effect to such Public Transfer, Guarantor and/or VRT, as the case may be (or their respective successor entity thereto), shall be a Person that has and provides substantially at least the same experience and expertise as Guarantor and/or VRT, as applicable, prior to such Transfer in conducting business of the nature currently conducted by Guarantor and/or VRT, as applicable or (3) the Transfer of any direct or indirect interest in Borrower to VRT or Vornado Realty L.P., a Delaware limited partnership (VOP); provided if after giving effect to such Transfer (a) more than 49% of the direct or indirect aggregate limited liability interests in Borrower (whether individually or in the aggregate of all such Transfers) are transferred to VRT and/or VOP (or together with any of their respective Affiliates would exceed), Borrower must first deliver to Lender a reasonably acceptable non-consolidation opinion to Lender concerning Borrower, VRT and/or VOP (as applicable) and/or their respective owners (if applicable) and/or (b) Guarantor would not Control, directly or indirectly, Borrower, as a condition to such Transfer Borrower must deliver to Lender a Guaranty of Recourse Obligations and Environmental Indemnity and Completion Guaranty (if a Completion Guaranty is then in effect or a ratification from Borrower that it will cause VRT to deliver such Completion Guaranty in the future if required by the terms hereof and treating VRT as Guarantor hereunder) in substantially the form of the Recourse Guaranty and Environmental Indemnity and EXHIBIT G, respectively, from VRT to Lender (and Lender shall release the Guarantor from its obligations under the Loan Documents except for any obligations which first arose prior to the applicable transfer) together with any other documents reasonably requested by Lender. In addition, notwithstanding the foregoing, nothing contained in this Agreement or the other Loan Documents shall in any way restrict or prohibit, nor shall any notice to Lender or consent of Lender be required in connection with (i) the Transfer or issuance of any direct or indirect interests in VOP, or (ii) the merger or consolidation of VOP with or into any other Person; provided, however, that, immediately after giving effect to each such Transfer, VRT (or any successor entity permitted above as a result of a Public Transfer) shall continue to be the managing general partner of VOP and VRT shall remain in control of the business and operations of VOP, regardless of the percentage of equity interests in VOP owned by VRT.

SECTION 8.6 DELIVERIES TO LENDER. Not less than thirty

(30) days prior to the closing of any transaction subject to the provisions of this Article VIII, Borrower shall deliver to Lender an Officer's Certificate describing the proposed transaction (other than transfers of publicly traded shares in Guarantor in the ordinary course of business) and stating that such transaction is permitted by this Article VIII, together with any appraisal or other documents upon which such Officer's Certificate is based. In addition, Borrower shall provide Lender with copies of executed transfer instruments or other similar closing documents within ten (10) Business Days after such closing.

SECTION 8.7 LOAN ASSUMPTION. Borrower shall have the right to request Lender's consent, which consent shall not be unreasonably withheld, to the assumption of the Loan by a proposed purchaser of the Property. Any such assumption of the Loan shall be conditioned upon, among other things, (i) the delivery of a Rating Agency Confirmation, (ii) the delivery of financial information, including, without limitation, if available, audited financial statements, for such purchaser and the direct and indirect owners such purchaser, (iii) the delivery of evidence that the purchaser is a SPE

Entity, (iv) the execution and delivery of all documentation evidencing the loan assumption reasonably requested by Lender, (v) the delivery of Opinions of Counsel reasonably requested by Lender, including, without limitation, a non-consolidation opinion with respect to the purchaser and other entities identified by Lender or requested by the Rating Agencies and opinions with respect to the valid formation, due authority and good standing of the purchaser and any additional pledgors and the continued enforceability of the Loan Documents and any other matters requested by Lender, (vi) the delivery of a Guaranty of Recourse Obligations and Environmental Indemnity in substantially the form of the Recourse Guaranty and Environmental Indemnity, respectively, from an entity acceptable to Lender in its sole and absolute discretion (and if such entity is acceptable to Lender, Lender shall release the Guarantor from its obligations under the Loan Documents except for any obligations which first arose prior to the applicable transfer); (vii) the delivery of an endorsement to the Title Policy in form and substance acceptable to Lender, insuring the lien of the Security Instrument, as assumed, subject only to the Permitted Encumbrances (or a letter from the Title Company confirming such matters in form acceptable to Lender in its sole but reasonable discretion), (viii) other than in connection with the first assumption of the Loan, the payment of an assumption fee equal to one percent (1%) of the Principal Amount (the ASSUMPTION FEE), (ix) all costs and expenses related to any assumption are to be paid by Borrower and (x) the payment of all of Lender's reasonable fees, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, actually incurred by Lender in connection with such assumption.

SECTION 8.8 BLOOMBERG LEASE.

8.8.1 MODIFIED LEASE. Borrower shall not (y) consent to an assignment of the Bloomberg Lease that releases Bloomberg from its obligations under the Lease, or (z) modify the Bloomberg Lease (including, without limitation, accept a surrender of any portion of the Property subject to the Bloomberg Lease (unless otherwise permitted or required by law), allow a reduction in the term of such Lease or a reduction in the Rent payable thereunder, change any renewal provisions thereunder, materially increase the obligations of Borrower or materially decrease the obligations of Bloomberg or terminate the Bloomberg Lease or permit the assignment or other transfer (by operation of law or otherwise) of the Bloomberg Lease (any such action referred to in clauses (y) and (z) being referred to herein as a MODIFIED LEASE) without the prior written consent of Lender which consent shall not be unreasonably withheld, conditioned or delayed provided such modification could not in Lender's sole and absolute discretion result in a Material Adverse Effect. If, after five (5) Business Day's following Lender's receipt of such Modified Lease Lender has not either approved or disapproved the proposed Modified Lease, Borrower shall deliver a second notice to Lender which notice must state on the outside envelope in which such Modified Lease is delivered in bold, large letters (no less than 15 font) the following: **NOTICE: YOU WILL BE DEEMED TO HAVE CONSENTED TO THE DOCUMENT ENCLOSED HEREIN IF NOT DISAPPROVED WITHIN FIVE (5) BUSINESS DAYS OF RECEIPT.** Lender's failure to approve or disapprove such Modified Lease within ten Business Days after Lender's receipt of the second notice shall be deemed to constitute Lender's approval thereof.

8.8.2 DELIVERY OF MODIFIED LEASE. Upon the execution of any Modified Lease, as applicable, Borrower shall deliver to Lender an executed copy of such Modified Lease.

8.8.3 LEASE AMENDMENTS. Borrower agrees that it shall not have the right or power, as against Lender without its consent, to cancel, abridge, amend or otherwise modify the Bloomberg Lease unless such modification complies with this Section 8.8.

8.8.4 SECURITY DEPOSITS/TERMINATION PAYMENTS.

(a) All security or other deposits of Bloomberg under the Bloomberg Lease shall be treated as trust funds and shall not be commingled with any other funds of Borrower, and such deposits, shall be deposited, upon receipt of the same by Borrower in a separate account (which shall be a trust account if required by applicable law) maintained by Borrower expressly for such purpose. Within ten (10) Business Days after written request by Lender, Borrower shall furnish to Lender reasonably satisfactory evidence of compliance with this Section 8.8.4, together with a statement of all lease securities deposited with Borrower by Bloomberg and the location and account number of the account in which such Security Deposits are held. Attached hereto as SCHEDULE I, is a true correct and complete list of all Security Deposits and the amounts thereof, currently in Borrower's possession.

(b) In the event that Borrower receives the proceeds of any security deposit as the result of a Bloomberg Default (as hereinafter defined) or a termination payment as the result a termination of the Bloomberg Lease or otherwise, Borrower agrees to deposit such funds within two (2) Business Days after Borrower's receipt thereof, into the Structural Reserve Account to be disbursed by Lender pursuant to Section 16.3.

8.8.5 NO DEFAULT UNDER BLOOMBERG LEASE, CONDOMINIUM DECLARATION OR BY-LAWS. Borrower shall (i) promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by Borrower under the Bloomberg Lease the Condominium Declaration or the By-Laws, if the failure to perform or observe the same would have a Material Adverse Affect; (ii) exercise, within ten (10) Business Days after a written request by Lender, any right to request from Bloomberg under the Bloomberg Lease, a certificate with respect to the status thereof; and (iii) not collect any of the Rents, more than one (1) month in advance (except that Borrower may collect such security deposits and last month's rents as are permitted by Legal Requirements and are commercially reasonable in the prevailing market and collect other charges in accordance with the terms of the Bloomberg Lease).

8.8.6 SUBORDINATION. All Modified Leases entered into by Borrower after the date hereof shall by their express terms be subject and subordinate to this Agreement and the Security Instrument (through a subordination provision contained in such Lease or otherwise) and shall provide that the Person holding any rights

thereunder shall attorn to Lender or any other Person succeeding to the interests of Lender upon the exercise of its remedies hereunder or any transfer in lieu thereof on the terms set forth in Section 8.8.7.

8.8.7 ATTORNMENT. Subject to the terms of the Bloomberg SNDA (which shall supercede any conflicting provisions of this section), each Modified Lease entered into from and after the date hereof shall provide that in the event of the enforcement by Lender of any remedy under this Agreement or the Security Instrument, Bloomberg under such Lease shall, at the option of Lender or of any other Person succeeding to the interest of Lender as a result of such enforcement, attorn to Lender or to such Person and shall recognize Lender or such successor in the interest as lessor under such Lease without change in the provisions thereof; provided, however, Lender or such successor in interest shall not: (1) be liable for any previous act or omission of Borrower under the Bloomberg Lease except to the extent that such act or omission first arises under the Bloomberg Lease from and after the date that Successor-Landlord (as such term is defined in the Bloomberg Lease) succeeds to the interest of Borrower; (2) be subject to any off-set, credit, defense or counterclaim which shall have theretofore accrued to Bloomberg against Borrower;

(3) be bound by (a) any modification of the Bloomberg Lease entered into without Lender's consent after Bloomberg has, subject to the terms of Section 6 of the Bloomberg SNDA, received written notice of Lender's existence, address and relation to Borrower, or (b) any previous prepayment of rent or additional rent for more than one (1) month which Bloomberg might have paid to Borrower other than as required by the terms of the Bloomberg Lease; (4) be bound by any obligation to make any payments to Bloomberg except to the extent that such obligation first arises under the Bloomberg Lease from and after the date that Successor-Landlord succeeds to the interest of Borrower; and (5) be bound by any obligation to perform any work or to make improvements to the Condominium Unit, except for (i) repairs and maintenance pursuant to the provisions of Articles 4, 5 and 6 of the Bloomberg Lease, the need for which repairs and maintenance first arises after the date upon which Lender is entitled to possession of the Condominium Unit, (ii) repairs to the Condominium Unit or any part thereof as a result of damage by fire or other casualty pursuant to Article 10 of the Bloomberg Lease, but only to the extent that such repairs can be reasonably made from the net proceeds of any insurance actually made available to Lender (with the understanding, however, that (I) nothing contained in this clause (ii) limits Bloomberg's rights to terminate the Bloomberg Lease after the occurrence of a fire or other casualty under Section 10.1(B) of the Bloomberg Lease, and

(II) Lender shall have the right to avoid being so bound by Borrower's covenant to rebuild the Landlord Restoration Items (as such term is defined in the Bloomberg Lease) after the occurrence of a fire or other casualty (regardless of the availability of insurance proceeds therefor) only by giving notice to Bloomberg of the election of Lender not to so rebuild earlier than the later to occur of (X) the date that Lender is required to give the Casualty Statement (as such term is defined in the Bloomberg Lease) for such fire or other casualty to Bloomberg, and (Y) the thirtieth (30th) day after the date that Lender succeeds to the interest of Borrower under the Bloomberg Lease), and (iii) repairs to the Condominium Unit as a result of a partial condemnation pursuant to Article 11 of the Bloomberg Lease, but only to the extent that such repairs can be reasonably made from the net proceeds of any award made available to Lender (with the understanding that nothing contained in

this clause (iii) shall limit Bloomberg's right to terminate the Bloomberg Lease after the occurrence of a complete or partial condemnation under Section 11.1 of the Bloomberg Lease). Borrower shall cause Bloomberg, upon the reasonable request by Lender or such successor in interest, to execute and deliver an instrument or instruments confirming such attornment.

8.8.8 NON-DISTURBANCE AGREEMENTS. Subject to the terms of the Bloomberg SNDA, Lender shall enter into, and, if required by applicable law to provide constructive notice or requested by Bloomberg, record in the county where the subject Property is located, a subordination, attornment, non-disturbance and estoppel agreement, in form and substance substantially similar to the form attached hereto as EXHIBIT F (a NON-DISTURBANCE AGREEMENT), with Bloomberg regarding a Modified Lease for which Lender's prior written consent is required by this Section 8.8, within ten (10) Business Days after written request therefor by Borrower, provided that, such request is accompanied by an Officer's Certificate stating that such Lease complies in all material respects with this Section 8.8. All reasonable costs and expenses incurred by Lender in connection with the negotiation, preparation, execution and delivery of any Non-Disturbance Agreement, including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower (in advance, if requested by Lender).

IX. DEFEASANCE

SECTION 9.1 DEFEASANCE.

9.1.1 At any time subsequent to the Defeasance Lockout Period and prior to the Anticipated Repayment Date, provided that all of the conditions set forth in Section 9.1.2 are complied with, Lender hereby agrees that Borrower shall have the right to obtain a release of the Lien on the Property upon at least 30 days prior written notice upon satisfaction of the following (each such release, after satisfaction of the other provisions of this Section 9.1, a DEFEASANCE):

(a) the execution and delivery of a defeasance note (the DEFEASANCE NOTE), in form and substance reasonably acceptable to Lender, dated as of the date of the Defeasance (which must be as of a Payment Date), payable to Lender, in an amount equal to the Defeasance Collateral Requirement (which Defeasance Note Lender agrees to accept by assignment from any new lender to Borrower);

(b) the execution and delivery of a security agreement (the DEFEASANCE SECURITY AGREEMENT), in form and substance reasonably acceptable to Lender, dated as of the date of the Defeasance (which must be as of a Payment Date), in favor of the Lender, pursuant to which the Lender is granted a perfected first priority security interest in the Defeasance Collateral (which Defeasance Security Agreement Lender agrees to accept by assignment from any new lender to Borrower);

(c) the execution and delivery of appropriate and reasonable agreements and/or instruments, each in form and substance reasonably acceptable to Lender, pursuant to which the obligations and liabilities of Borrower under the Defeasance Note and the Defeasance Security Agreement are assumed by a new entity which satisfies all of the Single Purpose Entity requirements, upon which execution and delivery Lender agrees to release Borrower from any and all liability under the Defeasance Note and Defeasance Security Agreement; and

(d) delivery of a Rating Agency Confirmation.

9.1.2 Simultaneously with Lender's receipt of the Defeasance Note and Defeasance Security Agreement from the new lender, Lender shall transfer to the new lender or to Borrower's nominee the Note, the Security Instrument and the Assignment of Leases, and shall release or terminate the other Loan Documents (other than the Environmental Indemnity).

9.1.3 With respect to a Defeasance pursuant to

Section 9.1.1 hereof, Borrower shall deposit the Defeasance Collateral in accordance with Section 9.1.5 below to the Defeasance Collateral Account. In no event shall the deliverance of Defeasance Collateral cause Borrower to be released from its obligations to make payments of principal and interest on the Note until Defeasance shall have occurred. Defeasance shall be permitted at such time as all of the following events shall have occurred:

(a) the Defeasance Collateral Account shall have been established pursuant to Section 9.1.5 hereof;

(b) Borrower shall have delivered or caused to have been delivered to Lender the Defeasance Collateral for deposit into the Defeasance Collateral Account such that it will satisfy the Defeasance Collateral Requirement at the time of delivery and all such Defeasance Collateral, if in registered form, shall be registered in the name of the Borrower for the benefit of Lender or its nominee (and, if registered in nominee name endorsed to Lender or in blank) and, if issued in book-entry form, the name of Lender or its nominee shall appear as the owner of such securities on the books of the Federal Reserve Bank or other party maintaining such book-entry system;

(c) Borrower shall have granted or caused to have been granted to Lender a valid perfected first priority security interest in the Defeasance Collateral and all proceeds thereof;

(d) Borrower shall have delivered or caused to be delivered to Lender an Officers' Certificate, dated as of the date of such delivery (x) that sets forth the aggregate face amount or unpaid principal amount, interest rate and maturity of all such Defeasance Collateral, a copy of the transaction journal, if any, or such other notification, if any, published by or on behalf of the Federal Reserve Bank or other party maintaining a book-entry system advising that

Lender or its nominee is the owner of such securities issued in book-entry form, and (y) that states that:

(i) Borrower owns the Defeasance Collateral being delivered to Lender free and clear of any and all Liens, security interests or other encumbrances (other than the Defeasance Security Agreement), and has not assigned any interest or participation therein (or, if any such interest or participation has been assigned, it has been released), and Borrower has full power and authority to pledge such Defeasance Collateral to Lender;

(ii) such Defeasance Collateral consists solely of Defeasance Eligible Investments;

(iii) such Defeasance Collateral satisfies the Defeasance Collateral Requirement, determined as of the date of delivery; and

(iv) the information set forth in the schedule attached to such Officer's Certificate is correct and complete in all material respects as of the date of delivery (such schedule, which shall be attached to and form a part of such Officer's Certificate, shall demonstrate satisfaction of the requirement set forth in clause (ii) above, in a form reasonably acceptable to Lender).

(e) Borrower shall have delivered or caused to be delivered to Lender a Rating Agency Confirmation and such other documents and certificates as Lender may reasonably request, including Opinions of Counsel, in connection with demonstrating that Borrower has satisfied the provisions of this Section 9.1.3(e), including but not limited to an Opinion of Counsel stating, among other things, that (x) Lender has a perfected first priority security interest in the Defeasance Collateral and that the Defeasance Security Agreement is enforceable in accordance with its terms and (y) that any trust formed as a REMIC pursuant to a securitization will not fail to maintain its status as a REMIC as a result of such defeasance.

(f) Borrower shall have delivered to Lender a certificate of a "big four" or other public accounting firm reasonably acceptable to Lender certifying that the Defeasance Collateral will generate monthly amounts which satisfy the Defeasance Collateral Requirement.

9.1.4 For purposes of determining whether sufficient amounts of Defeasance Collateral are on deposit in the Defeasance Collateral Account, there shall be included only payments of principal and predetermined and certain income thereon (as reasonably determined by Lender and agreed to by Borrower without regard to any reinvestment of such amounts) that will occur on a stated date for a stated payment on or before the dates when such amounts may be required to be applied to pay the principal and interest when due on the Note (and/or any substitute notes, as applicable) as of the

Anticipated Repayment Date, together with the outstanding principal balance of the Note (and/or any substitute notes, as applicable) as of the Anticipated Repayment Date.

9.1.5 On or before the date on which Borrower delivers Defeasance Collateral to Lender pursuant to Section 9.1.3(b) hereof, Borrower shall open at any Approved Bank (or other bank subject to the next sentence hereof) at the time and acting as custodian for Lender, a defeasance collateral account (the Defeasance Collateral Account) which shall at all times be an Eligible Account, in which Borrower shall grant to Lender or reconfirm the grant to Lender of a security interest. The Defeasance Collateral Account shall contain (i) all Defeasance Collateral delivered by Borrower pursuant to Section 9.1.3(b) hereof, (ii) all payments received on Defeasance Collateral held in the Defeasance Collateral Account and (iii) all income or other gains from investment of moneys or other property deposited in the Defeasance Collateral Account. All such amounts, including all income from the investment or reinvestment thereof, shall be held by Lender, subject to withdrawal by Lender for the purposes set forth in Section 9.1.6. Borrower shall be the owner of the Defeasance Collateral Account and shall report all income accrued on Defeasance Collateral for federal, state and local income tax purposes in its income tax return.

9.1.6 Lender shall withdraw, draw on or collect and apply the amounts that are on deposit in the Defeasance Collateral Account to pay when due the principal and all installments of interest and principal on the Defeasance Note. Funds and other property in the Defeasance Collateral Account shall not be commingled with any other monies or property of Borrower or any Affiliate of Borrower. Lender shall not in any way be held liable by reason of any insufficiency in the Defeasance Collateral Account except to the extent caused by the gross negligence or willful misconduct of Lender.

9.1.7 Borrower and Lender shall enter into any appropriate amendments to the Loan Documents necessitated by a Defeasance of the Loan, such amendments to be in form and substance reasonably acceptable to both Borrower and Lender.

X. MAINTENANCE OF PROPERTY; ALTERATIONS

SECTION 10.1 MAINTENANCE OF PROPERTY. Borrower shall keep and maintain, or cause to be kept and maintained, the Property and every part thereof in good condition and repair, subject to ordinary wear and tear, and, subject to Excusable Delays and the provisions of this Agreement with respect to damage or destruction caused by casualty events or Takings, shall not permit or commit any waste, impairment, or deterioration of any portion of the Property in any material respect. Borrower further covenants to do all other acts which from the character or use of the Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general. Borrower shall not remove or demolish any Improvement on the Property except as the same may be necessary in connection with an Alteration or a restoration in connection with a Taking or casualty, or as otherwise permitted herein, in each case in accordance with the terms and conditions hereof.

SECTION 10.2 CONDITIONS TO ALTERATION. Provided that no Event of Default shall have occurred and be continuing hereunder, Borrower shall have the right, without Lender's consent, to undertake any alteration, improvement, demolition or removal of the Property or any portion thereof (any such alteration, improvement, demolition or removal, an ALTERATION) so long as

(i) Borrower provides Lender with prior written notice of any Material Alteration, and (ii) such Alteration is undertaken in accordance with the applicable provisions of this Agreement and the other Loan Documents, is not prohibited by the Condominium Declaration, the By-Laws or any of the Bloomberg Lease (except subleases) and shall not, upon completion (giving credit to rent and other charges attributable to the Modified Leases executed upon such completion), have a Material Adverse Effect on the value, use or operation of the Property taken as a whole or otherwise. Any Material Alteration shall be conducted under the supervision of an Independent Architect and, in connection with any Material Alteration, Borrower shall deliver to Lender, for information purposes only and not for approval by Lender, detailed plans and specifications and cost estimates therefor, prepared by such Independent Architect, as well as an Officer's Certificate stating whether such Alteration will involve an estimated cost of not more than the Threshold Amount for Alterations at the Property. Such plans and specifications may be revised at any time and from time to time by such Independent Architect provided that material revisions of such plans and specifications are filed with Lender, for information purposes only. All work done in connection with any Alteration shall be performed with due diligence in a good and workmanlike manner, all materials used in connection with any Alteration shall not be less than the standard of quality of the materials currently used at the Property and all materials used shall be in accordance with all applicable material Legal Requirements and Insurance Requirements. Nothing contained in this Section 10.2 shall limit the rights of Bloomberg under the Bloomberg Lease with respect to alterations.

SECTION 10.3 COSTS OF ALTERATION. Notwithstanding anything to the contrary contained in this Article X, no Material Alteration (exclusive of Alterations being directly paid for by Bloomberg at the Property) shall be performed by or on behalf of Borrower unless Borrower shall have delivered to Lender Cash and Cash Equivalents and/or a Letter of Credit as security in an amount not less than the estimated cost of the Material Alteration which is in excess of the Threshold Amount (as set forth in the Independent Architect's written estimate referred to above). Borrower and Lender acknowledge that such security (i) will be held by the Cash Management Bank in the Alterations Reserve Account and (ii) disbursed as hereinafter provided in this Section 10.3. In addition to payment or reimbursement from time to time of Borrower's expenses incurred in connection with any Material Alteration, the amount of such security shall be reduced on any given date to the Independent Architect's written estimate of the cost to complete the Material Alteration (including any retainages), free and clear of Liens, other than Permitted Encumbrances. Costs which are subject to retainage (which in no event shall be less than 5% in the aggregate) shall be treated as due and payable and unpaid from the date they would be due and payable but for their characterization as subject to retainage. In the event that any Material Alteration shall be made in conjunction with any restoration with respect to which Borrower shall be entitled to withdraw Proceeds pursuant to Section 6.2, the amount of the Cash and Cash Equivalents and/or Letter of Credit to be furnished pursuant hereto need not exceed the aggregate cost of such

restoration and such Material Alteration (as estimated by the Independent Architect), less the sum of the amount of any Proceeds which Borrower may be entitled to withdraw pursuant to 6.2 and which are held by Lender in accordance with Section 6.2. Payment or reimbursement of Borrower's expenses incurred with respect to any Material Alteration shall be accomplished upon the terms and conditions specified in Section 6.2. At any time after substantial completion of any Material Alteration in respect of which Cash and Cash Equivalents and/or a Letter of Credit was deposited pursuant hereto, the whole balance of any Cash and Cash Equivalents so deposited by Lender and then remaining on deposit (together with earnings thereon), as well as all retainages, may be withdrawn by Borrower and shall be paid by Lender to Borrower, and any other Cash and Cash Equivalents and/or a Letter of Credit so deposited or delivered shall, to the extent it has not been called upon, reduced or theretofore released, be released to Borrower, within ten (10) days after receipt by Lender of an application for such withdrawal and/or release together with an Officer's Certificate, and signed also (as to the following clause (i)) by the Independent Architect, setting forth in substance as follows:

(a) that the Material Alteration in respect of which such Cash and Cash Equivalents and/or a Letter of Credit was deposited has been substantially completed in all material respects substantially in accordance with any plans and specifications therefor previously filed with Lender under Section 10.2 and that, if applicable, a certificate of occupancy has been issued with respect to such Material Alteration by the relevant Governmental Authority(ies) or, if not applicable, that a certificate of occupancy is not required; and

(b) that to the knowledge of the certifying Person all amounts which Borrower is or may become liable to pay in respect of such Material Alteration through the date of the certification have been paid in full or adequately provided for or are being contested in accordance with Section 7.3 and that lien waivers have been obtained from the general contractor and major subcontractors performing such Material Alterations (or such waivers are not customary and reasonably obtainable by prudent managers in the area where the Property is located).

Nothing contained in this Section 10.3 shall limit the rights of Bloomberg under the Bloomberg Lease with respect to alterations.

XI. BOOKS AND RECORDS, FINANCIAL STATEMENTS, REPORTS AND OTHER INFORMATION, LOW DSCR PERIOD

SECTION 11.1 BOOKS AND RECORDS. Borrower shall keep and maintain on a fiscal year basis proper books and records separate from any other Person, in which accurate and complete entries shall be made of all dealings or transactions of or in relation to the Note, the Property and the business and affairs of Borrower relating to the Property which shall reflect all items of income and expense in connection with the operation on an individual basis of the Property and in connection with any services,

equipment or furnishings provided in connection with the operation of the Property, in accordance with GAAP. Lender and its authorized representatives shall have the right at reasonable times and upon reasonable notice to examine the books and records of Borrower at Borrower's or its Affiliate's offices relating to the operation of the Property and to make such copies or extracts thereof as Lender may reasonably require.

SECTION 11.2 FINANCIAL STATEMENTS.

11.2.1 QUARTERLY REPORTS. Not later than forty-five

(45) days following the end of each calendar quarter, Borrower shall deliver to Lender unaudited financial statements, internally prepared on accrual basis including a balance sheet and profit and loss statement as of the end of such quarter and for the corresponding quarter of the previous year, and a statement of revenues and expenses for the year to date, a statement of Net Operating Income for such quarter on a calendar month basis, and a comparison of the year to date results with (i) the results for the same period of the previous year,

(ii) the results that had been projected by Borrower for such period and (iii) the Annual Budget for such period and the Fiscal Year. Such statements for each quarter shall be accompanied by an Officer's Certificate certifying to the best of the signer's knowledge, (A) that such statements fairly represent the financial condition and results of operations of Borrower, (B) that as of the date of such Officer's Certificate, no Event of Default exists under this Agreement, the Note or any other Loan Document or, if so, specifying the nature and status of each such Event of Default and the action then being taken by Borrower or proposed to be taken to remedy such Event of Default, (C) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or the Property in which the amount involved is \$500,000 (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto and (D) the amount by which actual Operating Expenses were greater than or less than the Operating Expenses anticipated in the applicable Annual Budget. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

11.2.2 ANNUAL REPORTS. Not later than one hundred and twenty (120) days after the end of each Fiscal Year of Borrower's operations, Borrower shall deliver to Lender audited financial statements (such audited financial statements are collectively referred to herein as the ANNUAL REPORTS) certified by an Independent Accountant in accordance with GAAP, covering the Property, including a balance sheet as of the end of such year and a statement of revenues and expenses for such year, and stating in comparative form the figures for the previous fiscal year and the Annual Budget for such fiscal year, as well as the supplemental schedule of net income or loss presenting the net income or loss for the Property and occupancy statistics for the Property. Together with the annual reports, Borrower shall furnish copies of a statement of Net Operating Income for the year thereof and copies of all federal income tax returns to be filed. Such annual financial statements shall also be accompanied by an Officer's Certificate in the form required pursuant to Section 11.2.1.

11.2.3 RESERVED

11.2.4 CAPITAL EXPENDITURES SUMMARIES. Borrower shall, within 120 days after the end of each calendar year during the term of the Note, deliver to Lender an annual summary of any and all capital expenditures made at the Property by Borrower during the prior twelve (12) month period.

11.2.5 MANAGEMENT AGREEMENT. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget and any inspection reports.

11.2.6 ANNUAL BUDGET. Borrower shall deliver to Lender the proposed Annual Budget for Lender's approval, not to be unreasonably withheld, delayed or conditioned at least thirty (30) days prior the end of each Fiscal Year. Neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender. If, after ten (10) Business Day's following Lender's receipt of such Budget Lender has not either approved or disapproved the proposed Budget, Borrower shall deliver a second notice to Lender which notice must state on the outside envelope in which such Budget is delivered in bold, large letters (no less than 15 font) the following: NOTICE: YOU WILL BE DEEMED TO HAVE CONSENTED TO THE DOCUMENT ENCLOSED HEREIN IF NOT DISAPPROVED WITHIN TEN (10) BUSINESS DAYS OF RECEIPT. Lender's failure to approve or disapprove such Budget within ten (10) Business Days after Lender's receipt of the second notice shall be deemed to constitute Lender's approval thereof.

11.2.7 BLOOMBERG LEASE INFORMATION.

(a) Promptly upon receipt or delivery thereof Borrower shall deliver to Lender true, correct and complete copies of all materials, reports and information which is material in nature and which are delivered by Bloomberg to Borrower, other than as restricted by confidentiality agreements entered into by Borrower and delivered to Lender.

(b) Not later than forty-five (45) days after the end of each calendar quarter of Borrower's operations, Borrower will deliver to Lender a statement from Borrower complying with the provisions of Section 7.4 of the Bloomberg Lease

11.2.8 OTHER INFORMATION. Borrower will, promptly after written request by Lender, furnish or cause to be furnished to Lender, in such manner and in such detail as may be reasonably requested by Lender, such reasonable additional information in Borrower's or its Affiliate's possession and as may be reasonably requested by Lender with respect to the Property.

11.2.9 LOW DSCR PERIOD. Commencing on December 1, 2004 and after the end of each calendar quarter thereafter, Lender will perform a test of the Debt Service Coverage Ratio to determine whether a Low DSCR Trigger Event has occurred (it being agreed that (i) all determinations as to whether a Low DSCR Trigger

Event and resulting Low DSCR Period has occurred and is continuing shall be made by Lender based on the financial information delivered by Borrower pursuant to Section 11.2 hereof and/or any other information available to Lender pursuant to the terms of the Loan Documents and (ii) the first test performed by Lender after December 1, 2004 shall be based on an annualized basis in accordance with the definition of "Debt Service Coverage Ratio" set forth herein and based on the financial information delivered by Borrower pursuant to Section 11.2 hereof and/or any other information available to Lender pursuant to the terms of the Loan Documents).

XII. ENVIRONMENTAL MATTERS

SECTION 12.1 REPRESENTATIONS. Borrower hereby represents and warrants that except as set forth in the Phase I Environmental Assessment Report, dated February 4, 2004, prepared by National Assessment Corporation previously delivered to Lender (the ENVIRONMENTAL REPORTS), (i) Borrower has not engaged in or knowingly permitted any operations or activities upon, or any use or occupancy of the Property, or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Substances on, under, in or about the Property, or transported any Hazardous Substances to, from or across the Property, except in all cases in material compliance with applicable Environmental Laws and in the course of ordinary business operations at the Property; (ii) to the best of Borrower's knowledge, Bloomberg, other occupant or user of the Property, nor any other person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Property, or any portion thereof, for the purpose of or in any material way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Substances on, in or about the Property, or transported any Hazardous Substances to, from or across the Property, except in all cases in material compliance with applicable Environmental Laws and in the course of ordinary business operations at the Property; (iii) to the best of Borrower's knowledge, no Hazardous Substances are presently constructed, deposited, stored, or otherwise located on, under, in or about the Property except in material compliance with applicable Environmental Laws; (iv) to the best of Borrower's knowledge, no Hazardous Substances have migrated from the Property upon or beneath other properties which would reasonably be expected to result in material liability for Borrower; and (v) to Borrower's knowledge, no Hazardous Substances have migrated or threaten to migrate from other properties upon, about or beneath the Property which would reasonably be expected to result in material liability for Borrower.

SECTION 12.2 COVENANTS. COMPLIANCE WITH ENVIRONMENTAL LAWS. Subject to Borrower's right to contest under Section 7.3, Borrower covenants and agrees with Lender that Borrower shall comply, in all material respects, with all applicable Environmental Laws during the term of the Loan. If at any time during the continuance of the Lien of the Security Instrument or this Agreement, a Governmental Authority having jurisdiction over the Property requires remedial action to correct the presence of Hazardous Materials in or on the Property (an ENVIRONMENTAL EVENT), Borrower shall deliver prompt notice of the occurrence of such Environmental Event to Lender. Within

thirty (30) days after Borrower has knowledge of the occurrence of an Environmental Event, Borrower shall deliver to Lender an Officer's Certificate (an ENVIRONMENTAL CERTIFICATE) explaining the Environmental Event in reasonable detail and setting forth the proposed remedial action, if any. Borrower shall promptly provide Lender with copies of all notices which allege or identify any actual or potential violation or noncompliance received by or prepared by or for Borrower in connection with any Environmental Law. For purposes of this paragraph, the term "notice" shall mean any written summons which could reasonably be expected to give rise to any environmental liability to Borrower in excess of \$10,000, citation, directive, order, claim, pleading, letter, application, filing, report, findings, declarations or other written materials pertinent to compliance of the Property and Borrower with applicable Environmental Laws. If the Security Instrument is foreclosed, Borrower shall deliver the Property in material compliance with all applicable Environmental Laws.

SECTION 12.3 ENVIRONMENTAL REPORTS. Upon the occurrence of an Environmental Event or during the continuance of any Event of Default, Lender shall have the right to have its consultants perform a comprehensive environmental audit of the Property. Such audit shall be conducted by an Environmental Consultant chosen by Borrower (so long as such consultant is reasonably acceptable to Lender) and may include a visual survey, a record review, an area reconnaissance assessing the presence of hazardous or toxic waste or substances, PCBs or storage tanks at the Property, an asbestos survey of the Property, which may include random sampling of the improvements and air quality testing, and such further site assessments as reasonably recommended by such Environmental Consultant as a result of such audit and which Lender may reasonably require due to the results obtained from the foregoing. Borrower grants Lender, its agents, consultants and contractors the right to enter the Property as reasonable or appropriate for the circumstances and subject to the rights of Bloomberg under the Bloomberg Lease, if any, for the purposes of performing such studies and the reasonable cost of such studies shall be due and payable by Borrower to Lender within five (5) Business Days of demand and shall be secured by the Lien of the Security Instrument. Lender shall not unreasonably interfere with, and Lender shall direct the Environmental Consultant to use its commercially reasonable efforts not to hinder, Borrower's or Bloomberg's, other occupant's or Manager's operations upon the Property when conducting such audit, sampling or inspections. By undertaking any of the measures identified in and pursuant to this Section 12.3, Lender shall not be deemed to be exercising any control over the operations of Borrower or the handling of any environmental matter or hazardous wastes or substances of Borrower for purposes of incurring or being subject to liability therefor.

SECTION 12.4 ENVIRONMENTAL INDEMNIFICATION. Borrower shall protect, indemnify, save, defend, and hold harmless the Indemnified Parties from and against any and all liability, loss, damage, actions, causes of action, costs or expenses whatsoever (including reasonable attorneys' fees and expenses) and any and all claims, suits and judgments which any Indemnified Party may suffer, as a result of or with respect to: (a) any Environmental Claim relating to or arising from the Property; (b) the violation of any Environmental Law in connection with the Property; (c) any release, spill, or the presence of any Hazardous Substances affecting the Property; and (d) the presence at, in, on or

under, or the release, escape, seepage, leakage, discharge or migration at or from, the Property of any Hazardous Substances, whether or not such condition was known or unknown to Borrower; provided that, in each case, Borrower shall be relieved of its obligation under this subsection if any of the matters referred to in clauses (a) through (d) above did not occur (and were not discovered) prior to (1) the foreclosure of the Security Instrument, (2) the delivery by Borrower to Lender or its designee of a deed-in-lieu of foreclosure with respect to the Property, (3) Lender's or its designee's taking possession and control of the Property after the occurrence of an Event of Default hereunder or (4) the satisfaction in full of the Obligations and the discharge of the Indebtedness. If any such action or other proceeding shall be brought against Lender, upon written notice from Borrower to Lender (given reasonably promptly following Lender's notice to Borrower of such action or proceeding), Borrower shall be entitled to assume the defense thereof, at Borrower's expense, with counsel reasonably acceptable to Lender; provided, however, Lender may, at its own expense, retain separate counsel to participate in such defense, but such participation shall not be deemed to give Lender a right to control such defense, which right Borrower expressly retains. Notwithstanding the foregoing, each Indemnified Party shall have the right to employ separate counsel at Borrower's expense if, in the reasonable opinion of legal counsel, a conflict or potential conflict exists between the Indemnified Party and Borrower that would make such separate representation advisable. Notwithstanding anything contained herein, Borrower shall have no obligation to indemnify an Indemnified Party for damage or loss resulting from such Indemnified Party's gross negligence or willful misconduct.

SECTION 12.5 RECOURSE NATURE OF CERTAIN INDEMNIFICATIONS. Notwithstanding anything to the contrary provided in this Agreement or in any other Loan Document, the indemnification provided in Section 12.4 shall be fully recourse to Borrower and shall be independent of, and shall survive for a period of five (5) years after the first to occur of: (i) the discharge of the Indebtedness, the release of the Lien created by the Security Instrument, and/or (ii) the conveyance of title to the Property to Lender or any purchaser or designee in connection with a foreclosure of the Security Instrument or conveyance in lieu of foreclosure.

XIII. INTENTIONALLY OMITTED

XIV. SECURITIZATION AND PARTICIPATION

SECTION 14.1 SALE OF NOTE AND SECURITIZATION. At the request of Lender and, to the extent not already required to be provided by Borrower under this Agreement, Borrower shall, at Borrower's sole cost and expense, use reasonable efforts to satisfy the market standards which may be reasonably required in the marketplace or by the Rating Agencies in connection with the sale of the Notes or participation therein as part of any securitization (including all in any series of securitizations of any substitute notes such sale and/or securitization, the SECURITIZATION) of rated single or multi-class securities (the SECURITIES) secured by or evidencing ownership interests in the Notes and this Agreement (all such sales and/or securitizations, including, without limitation where a "REMIC" election is made, the SECURITIZATION), including using reasonable efforts to do (or cause to be done) the following (but Borrower shall not in any event be required to incur, suffer

or accept (except to a de minimis extent) any lesser rights or greater obligations than as currently set forth in the Loan Documents (except, after an event of Default any increase in the weighted average interest rate of the Notes that may result after certain prepayments of the Loan have been made and applied in accordance with the terms hereof). Notwithstanding anything contained in the Loan Documents, the Loan shall at all times be serviced by one servicer;

14.1.1 PROVIDED INFORMATION. (i) Provide, at Borrower's sole cost and expense, such non-confidential financial and other information (but not projections) with respect to the Property and Borrower and Manager to the extent such information is reasonably available to Borrower or Manager, (ii) provide, at Borrower's sole expense, business plans (but not projections) and budgets relating to the Property, to the extent prepared by the Borrower or Manager and (iii) cooperate with the holder of the Note (and its representatives) in obtaining, at the sole expense of Borrower, such site inspection, appraisals, market studies, environmental reviews and reports, engineering reports and other due diligence investigations of the Property, as may be reasonably requested by the holder of the Note or reasonably requested by the Rating Agencies (all information provided pursuant to this Section 14.1.1 together with all other information heretofore provided to Lender in connection with the Loan, as such may be updated, at Borrower's request, in connection with a Securitization, or hereafter provided to Lender in connection with the Loan or a Securitization, being herein collectively called the PROVIDED INFORMATION);

14.1.2 UPDATES TO OPINIONS OF COUNSEL. Use reasonable efforts to cause to be rendered, at Borrower's sole expense, such customary updates or customary modifications to the Opinions of Counsel delivered at the closing of the Loan as may be reasonably requested by Lender or the Rating Agencies in connection with the Securitization. Borrower's failure to use reasonable efforts to deliver or cause to be delivered the opinion updates or modifications required hereby within twenty (20) Business Days after written request therefor shall constitute an "Event of Default" hereunder. To the extent any of the foregoing Opinions of Counsel were required to be delivered in connection with the closing of the Loan, any update thereof shall be without cost to Borrower. Any such Opinions of Counsel that Borrower is reasonably required to cause to be delivered in connection with a Securitization other than those delivered at the original Loan closing, shall be delivered at Borrower's expense (it being agreed that Borrower shall not be obligated to deliver an Opinion of Counsel with respect to "10b-5", "true sale", "no fraudulent conveyance" and "REMIC" matters); and

14.1.3 MODIFICATIONS TO LOAN DOCUMENTS. Without cost to the Borrower (except for Borrower's counsel and administrative costs), execute such amendments to the Security Instrument and Loan Documents as may be reasonably requested by Lender or the Rating Agencies in order to achieve the required rating or to effect the Securitization (including, without limitation, modifying the Payment Date to any of the first ten days of a calendar month) and the Interest Period, as defined in the Note, to a date other than as originally set forth in the Note), provided, however, that nothing contained in this

Section 14.1.3 shall result in any economic or other material adverse change in the transaction contemplated by the Security Instrument or the Loan

Documents (unless Borrower is made whole by the holder of the Note), or result in any operational changes that are unduly burdensome to the Property or Borrower.

SECTION 14.2 COOPERATION WITH RATING AGENCIES. Borrower shall, at its sole expense, (i) at Lender's request, meet with representatives of such Rating Agencies at reasonable times to discuss the business and operations of the Property, and (ii) cooperate with the reasonable requests of the Rating Agencies in connection with the Property.

SECTION 14.3 SECURITIZATION FINANCIAL STATEMENTS. Borrower acknowledges that all such financial information delivered by Borrower to Lender pursuant to Article XI may, at Lender's option, be delivered to the Rating Agencies.

SECTION 14.4 SECURITIZATION INDEMNIFICATION.

14.4.1 DISCLOSURE DOCUMENTS. Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum or a public registration statement (each, a DISCLOSURE DOCUMENT) and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the SECURITIES ACT) or the Securities and Exchange Act of 1934, as amended (the EXCHANGE Act), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, upon request and subject to Section 14.1.4, Borrower will reasonably cooperate with the holder of the Note in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information in Borrower's possession pertaining to Borrower and the Property reasonably requested by Lender.

14.4.2 INDEMNIFICATION CERTIFICATE. In connection with each of (x) a preliminary and a private placement memorandum, or (y) a preliminary and final prospectus, as applicable, Borrower agrees to provide, at Lender's reasonable request, an indemnification certificate:

(a) certifying that Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, reasonably designated in writing by Lender for Borrower's review pertaining to Borrower, the Property, the Loan and/or the Provided Information, and insofar as such sections or portions thereof specifically pertain to Borrower, the Property, the Provided Information or the Loan, (the RELEVANT PORTIONS), the Relevant Portions do not (except to the extent specified by Borrower if Borrower does not agree with the statements therein), as of the date of such certificate, to Borrower's actual knowledge, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(b) indemnifying Lender and the Affiliates of Deutsche Bank Securities, Inc. (collectively, DBS) that have prepared and/or filed the Disclosure Document relating to the Securitization, each of its directors, each of its officers who have signed the Disclosure Document and each person or entity who controls DBS within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the DBS GROUP), and DBS, together with the DBS Group, each of their respective directors and each person who controls DBS or the DBS Group, within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the UNDERWRITER GROUP) for any actual, out-of-pocket losses, third party claims, damages (excluding lost profits, diminution in value and other consequential damages) or liabilities arising out of third party claims (the LIABILITIES) to which any member of the Underwriter Group may become subject to the extent such Liabilities arise out of or are based upon any untrue statement of any material fact contained in the Relevant Portions and in the Provided Information or arise out of or are based upon the omission by Borrower to state therein a material fact required to be stated in the Relevant Portions in order to make the statements in the Relevant Portions or in light of the circumstances under which they were made, not misleading (except that

(x) Borrower's obligation to indemnify in respect of any information contained in a preliminary or final registration statement, private placement memorandum or preliminary or final prospectus that is derived in part from information provided by Borrower and in part from information provided by others unrelated to or not employed by Borrower shall be limited to any untrue statement or omission of material fact therein known to Borrower that results directly from an error in any information provided (or which should have been provided as required by Section 14.4.2(a) hereof) by Borrower which Borrower has been given the reasonable opportunity to examine and reasonably and promptly approve and (y) Borrower shall have no responsibility for the failure of any member of the Underwriter Group to accurately transcribe written information supplied by Borrower or to include any portions of the Provided Information).

(c) Borrower's liability under clauses (a) and

(b) above shall be limited to Liabilities arising out of or based upon any such untrue statement or omission by Borrower made therein in reliance upon and in conformity with information delivered to Lender and prepared by Borrower, Manager, Guarantor or any Affiliate of any such Person in connection with the preparation of those portions of the registration statement, memorandum or prospectus pertaining to Borrower, the Property or the Loan, including financial statements of Borrower and operating statements with respect to the Property. This indemnity agreement will be in addition to any liability which Borrower may otherwise have.

(d) Promptly after receipt by an indemnified party under this Article XIV of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Article XIV, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying

party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party under this Article XIV of its assumption of such defense, the indemnifying party shall not be liable for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or in conflict with those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties at the expense of the indemnifying party. The indemnifying party shall not be liable for the expenses of separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or in conflict with those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in this Article XIV is for any reason held to be unenforceable by an indemnified party in respect of any actual, out-of-pocket losses, claims, damages or liabilities relating to third party claims (or action in respect thereof) referred to therein which would otherwise be indemnifiable under this Article XIV, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such actual, out of pocket losses, third party claims, damages or liabilities (or action in respect thereof) (but excluding damages for loss profits, diminution in value of the Property and consequential damages); provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution for Liabilities arising therefrom from any person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the DBS Group's and Borrower's relative knowledge and access to information concerning the matter with respect to which claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; (iii) the limited responsibilities and obligations of Borrower as specified herein; and (iv) any other equitable considerations appropriate in the circumstances.

The Borrower's failure to deliver the Indemnification Certificate within fifteen (15) Business Days of Lender's request therefor, shall be a material Event of

Default under this Agreement, entitling Lender to exercise all of its rights and remedies permitted under the Loan Documents.

SECTION 14.5 CERTAIN INDEMNIFICATIONS. Notwithstanding anything to the contrary provided in this Agreement or in any other Loan Document, the indemnification provided in Article XIV shall be fully recourse to Borrower but shall be limited to Borrower's interest in the Property (and any Proceeds and Net Operating Income relating thereto).

SECTION 14.6 RETENTION OF SERVICER. Lender reserves the right, at Lender's sole cost and expense, to retain the Servicer. Borrower shall pay any reasonable fees and expenses of the Servicer and any reasonable third party fees and expenses (including, without limitation, reasonable attorneys fees and disbursements) solely in connection with a prepayment, release of the Property, or assumption of the Loan as part of Borrower's monthly Debt Service payment next due.

XV. ASSIGNMENTS AND PARTICIPATIONS

SECTION 15.1 INTENTIONALLY OMITTED

SECTION 15.2 INTENTIONALLY OMITTED

SECTION 15.3 SUBSTITUTE NOTES. Upon its receipt of an Assignment and Acceptance executed by an assignee, together with any Note or Notes subject to such assignment, Lender shall, if such Assignment and Acceptance has been completed and is 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 written notice thereof to Borrower. Within seven (7) Business Days after its receipt of such notice, Borrower, at Lender's own expense, shall execute and deliver to Lender in exchange and substitution for the surrendered Note or Notes a new Note to the order of such assignee in an amount equal to the portion of the Loan assigned to it and a new Note to the order of Lender in an amount equal to the portion of the Loan retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate then outstanding principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of the Note (modified, however, to the extent necessary so as not to impose duplicative or increased obligations on Borrower and to delete obligations previously satisfied by Borrower). Notwithstanding the provisions of this Article XV, Borrower shall not be responsible or liable for any additional taxes, reserves, adjustments or other costs and expenses that are related to, or arise as a result of, any transfer of the Loan or any interest or participation therein that arise solely and exclusively from the transfer of the Loan or any interest or participation therein or from the execution of the new Note contemplated by this Section 15.5, including, without limitation, any mortgage tax. Lender and/or the assignees, as the case may be, shall from time to time designate one agent and one servicer through which Borrower shall request all approvals and consents required or contemplated by this Agreement and on whose statements Borrower may rely.

SECTION 15.4 PARTICIPATIONS. Each assignee pursuant to this Article XV may sell participations to one or more Persons (other than Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of the Note held by it); provided, however, that (i) such assignee's obligations under this Agreement and the other Loan Documents shall remain unchanged, (ii) such assignee shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such assignee shall remain the holder of any such Note for all purposes of this Agreement and the other Loan Documents, and (iv) Borrower, Lender and the assignees pursuant to this Article XV shall continue to deal solely and directly with such assignee in connection with such assignee's rights and obligations under this Agreement and the other Loan Documents. In the event that more than one (1) party comprises Lender, Lender shall designate one party to act on the behalf of all parties comprising Lender in providing approvals and all other necessary consents under the Loan Documents and on whose statements Borrower may rely.

SECTION 15.5 DISCLOSURE OF INFORMATION. Any assignee pursuant to this Article XV may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Article XV, disclose to the assignee or participant or proposed assignee or participant, any information relating to Borrower furnished to such assignee by or on behalf of Borrower; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree in writing for the benefit of Borrower to preserve the confidentiality of any confidential information received by it.

SECTION 15.6 SECURITY INTEREST IN FAVOR OF FEDERAL RESERVE BANK. Notwithstanding any other provision set forth in this Agreement or any other Loan Document, any assignee pursuant to this Article XV may at any time create a security interest in all or any portion of its rights under this Agreement or the other Loan Documents (including, without limitation, the amounts owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

XVI. RESERVE ACCOUNTS

SECTION 16.1 TAX RESERVE ACCOUNT. On the Closing Date, Borrower shall deposit into the Tax Reserve Account as additional collateral for the Loan an amount equal to \$382,217, such amount to be increased by Borrower, within two (2) Business Days of Borrower receiving notice from Bloomberg that the final Rent Commencement Date (as such term is defined in the Bloomberg Lease) has been delayed, in amount equal to Real Estate Taxes and Other Charges that would be due and payable by Borrower during such delayed period by Borrower depositing such amount into the Tax Reserve Account (the INITIAL TAX RESERVE AMOUNT). From and after the final Rent Commencement Date and in accordance with the time periods and subject to the terms set forth in Section 3.1, Borrower shall deposit into the Tax Reserve Account an amount equal to (a) one-twelfth of the annual Real Estate Taxes that Lender reasonably estimates will be payable during the next ensuing twelve (12) months in order to accumulate with

Lender sufficient funds to pay all such Real Estate Taxes at least thirty (30) days prior to the imposition of any interest, charges or expenses for the non-payment thereof and (b) one-twelfth of the annual Other Charges that Lender reasonably estimates will be payable during the next ensuing twelve (12) months (said monthly amounts in (a) and (b) above hereinafter called the MONTHLY TAX RESERVE AMOUNT, and the aggregate amount of funds held in the Tax Reserve Account being the TAX RESERVE AMOUNT). The Monthly Tax Reserve Amount is subject to adjustment by Lender in Lender's reasonable discretion upon notice to Borrower. In the event that, and for so long as, Bloomberg is not paying all Real Estate Taxes and Other Charges under the Bloomberg Lease, then the Monthly Tax Reserve Amount shall be paid by Borrower to Lender on each Payment Date, pursuant to Section 3.1.7(a)(ii). Lender will apply the Monthly Tax Reserve Amount (or, prior to the final Rent Commencement Date, a portion of the Initial Tax Reserve Amount) to payments of Real Estate Taxes and Other Charges required to be made by Borrower pursuant to Article VII and under the Security Instrument, subject to Borrower's right to contest Real Estate Taxes in accordance with Section 7.3. In making any payment relating to the Tax Reserve Account, Lender may do so according to any bill, statement or estimate procured from the appropriate public office, without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of funds in the Tax Reserve Account shall exceed the amounts due for Real Estate Taxes and Other Charges pursuant to Article VII, Lender shall transfer such excess funds to the Collection Account. If at any time Lender reasonably determines that the Tax Reserve Amount is not or will not be sufficient to pay Real Estate Taxes and Other Charges by the dates set forth above, Lender shall notify Borrower of such determination and Borrower shall increase its monthly payments to Lender by the amount that Lender reasonably estimates is sufficient to make up the deficiency at least thirty (30) days prior to the imposition of any interest, charges or expenses for the non-payment of the Real Estate Taxes. Upon payment of the Real Estate Taxes, Lender shall reassess the amount necessary to be deposited in the Tax Reserve Account for the succeeding period, which calculation shall take into account any excess amounts remaining in the Tax Reserve Account. Borrower agrees to deposit any required increases in the Monthly Tax Reserve Amount within five (5) Business Days after receipt of written notice thereof from Lender.

SECTION 16.2 INSURANCE RESERVE ACCOUNT. In accordance with the time periods and subject to the terms set forth in Section 3.1, Borrower shall deposit into the Insurance Reserve Account an amount equal to one-twelfth of the insurance premiums that Lender reasonably estimates, based on the most recent bill, will be payable for the renewal of the coverage afforded by the insurance policies upon the expiration thereof, or the portion of the premium allocated to the Property with respect to any blanket insurance policy obtained pursuant to Section 6.1.13, in order to accumulate with Lender sufficient funds to pay all such insurance premiums at least thirty (30) days prior to the expiration of the policies required to be maintained by Borrower pursuant to the terms hereof (said monthly amounts hereinafter called the MONTHLY INSURANCE RESERVE AMOUNT, and the aggregate amount of funds held in the Insurance Reserve Account being the INSURANCE RESERVE AMOUNT). The Monthly Insurance Reserve Amount is subject to adjustment by Lender in Lender's reasonable discretion upon notice to Borrower. In the event that, and for so long as, Bloomberg is not paying all insurance premiums provided for under the

Bloomberg Lease, then, the Monthly Insurance Reserve Amount shall be paid by Borrower to Lender on each Payment Date, pursuant to Section 3.1.7(ii). Lender will apply the Monthly Insurance Reserve Amount to payments of insurance premiums required to be made by Borrower pursuant to Article V and Article VI and under the Security Instrument. In making any payment relating to the Insurance Reserve Account, Lender may do so according to any bill, statement or estimate procured from the insurer or agent, without inquiry into the accuracy of such bill, statement or estimate or into the validity thereof. If the amount of funds in the Insurance Reserve Account shall exceed the amounts due for insurance premiums pursuant to Article V and Article VI, Lender shall transfer such excess to the Collection Account. If at any time Lender reasonably determines that the Insurance Reserve Amount is not or will not be sufficient to pay insurance premiums by the dates set forth above, Lender shall notify Borrower of such determination and Borrower shall increase its monthly payments to Lender by the amount that Lender reasonably estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies. Upon payment of the such insurance premiums, Lender shall reassess the amount necessary to be deposited in the Insurance Reserve Account for the succeeding period, which calculation shall take into account any excess amounts remaining in the Insurance Reserve Account. Provided no Event of Default has occurred and is continuing, Lender agrees to reimburse to Borrower from funds on deposit in the Insurance Reserve Account the amount of any insurance premium allocable to the Property that was paid under a blanket insurance policy. Prior to any such disbursement, Borrower will provide Lender with an Officer's Certificate together with supporting documentation reasonably acceptable to Lender evidencing such payment.

SECTION 16.3 STRUCTURAL RESERVE ACCOUNT.

(a) In the event that, and for so long as, Bloomberg is not paying for all capital improvements at the Property pursuant to the Bloomberg Lease, then, in accordance with the time periods set forth in Section 3.1, Borrower shall deposit into the Structural Reserve Account an amount equal to \$11,312.35 (the MONTHLY STRUCTURAL RESERVE AMOUNT and together with all amounts deposited in the Structural Reserve Account, the STRUCTURAL RESERVE AMOUNT) and held by the Cash Management Bank for the benefit of Lender as additional security for the Loan in accordance with Section 3.1.7(iv) and the Account Agreement. In connection with any Alteration, other than in connection with tenant improvement work, such funds shall be disbursed to Borrower from the Alterations Reserve Account in accordance with the terms of this Section for disbursements from the Structural Reserve Account.

(b) Lender shall make disbursements from the Structural Reserve Account to reimburse Borrower for the cost of capital improvements to the Property in accordance with and in the manner provided in this Section 16.3. Lender shall, within fifteen (15) Business Days of a written request from Borrower and satisfaction of the requirements set forth in this Section 16.3 disburse to Borrower amounts from the Structural Reserve Account necessary to pay for the actual costs of completed capital improvement work. In no event shall

Lender be obligated to disburse funds from the Structural Reserve Account if a an Event of Default exists.

Each request for disbursement from the Structural Reserve Account shall be in a form reasonably specified or reasonably approved by Lender and be submitted together with an Officer's Certificate specifying the specific items for which the disbursement is requested, certifying that such item qualifies as capital improvement work, the estimated cost for the applicable Alteration through completion and the cost of each item purchased. Each request for disbursement shall be delivered at least fifteen (15) Business Days prior to the date of the requested disbursement and shall include copies of invoices for all costs incurred and each request shall include evidence reasonably satisfactory to Lender (i) that the work has been completed in a workmanlike manner and (ii) of payment of all such amounts or evidence that such amounts will be paid by such disbursement. Borrower shall not make a request for disbursement from the Structural Reserve Account more frequently than once in any calendar month and the total amount of any request shall not be less than \$10,000 (except in the case of the final request for disbursement).

SECTION 16.4 ADDITIONAL DEBT SERVICE RESERVE ACCOUNT. On the Closing Date, Borrower shall deposit into the Additional Debt Service Reserve Account as additional collateral for the Loan an amount equal to \$11,169,694, such amount to be increased by Borrower, within two (2) Business Days of Borrower receiving notice from Bloomberg that the final Rent Commencement Date (as such term is defined in the Bloomberg Lease) has been delayed, in amount equal to the Debt Service that would be due and payable during such delayed period by Borrower depositing such amount into the Additional Debt Service Reserve Account. Lender shall transfer a portion of the funds in the Additional Debt Service Reserve Account on a monthly basis sufficient to pay Debt Service (to the extent of sufficient funds on deposit therein) on each Payment Date until the final Rent Commencement Date has occurred. During the continuance of an Event of Default, Lender shall have the right to apply any amounts then remaining in the Additional Debt Service Reserve Account to repay the Indebtedness or any other amounts due hereunder or under the other Loan Documents in the order of priority and manner set forth in Section 11 of the Security Instrument.

SECTION 16.5 CASH TRAP RESERVE ACCOUNT. During a Cash Trap Period, all Excess Cash Flow shall be transferred from the Holding Account into the Cash Trap Reserve Account (or, subject to the terms of Section 3.1.7(b) hereof, from the applicable Sub-account) and shall be retained by Lender as additional security for the Loan and shall be applied or disbursed as hereinafter provided. From and after the occurrence and continuation of an Event of Default, Lender shall have the right to apply any amounts then remaining in the Cash Trap Reserve Account to repay the Loan or any other amounts due hereunder or under the other Loan Documents in such order, manner and amount as Lender shall determine in its sole discretion. Provided no Event of Default shall have occurred and be continuing, Lender shall instruct the Cash Management Bank to release to Borrower any amounts remaining in the Cash Trap Reserve Account promptly after the Cash Trap Period is no longer continuing (as determined by Lender in accordance with the subsequent terms of this Section); provided, notwithstanding the

foregoing, any amounts then remaining in the Cash Trap Reserve Account on the Anticipated Repayment Date shall be applied by Lender to reduce the Principal Amount of the Loan and all other Obligations then outstanding, including, without limitation, payment of the Liquidated Damages Amount to the extent any such amounts are applied prior to the expiration of the Prepayment Lockout Period. All determinations as to whether (i) a Low DSCR Period has occurred and is continuing shall be made by Lender in its sole but reasonable discretion and based on the financial information delivered by Borrower pursuant to Section 11.2 hereof and/or any other information available to Lender pursuant to the terms of the Loan Documents and (ii) a Casualty Restoration Period has occurred and is continuing shall be made by Lender in its sole but reasonable discretion and based on information required to be delivered by Borrower pursuant to Section 5.1.7 hereof (or any other information available to Lender).

XVII. DEFAULTS

SECTION 17.1 EVENT OF DEFAULT.

(a) Each of the following events shall constitute an event of default hereunder (an EVENT OF DEFAULT):

(i) if (A) the Indebtedness is not paid in full on the Maturity Date, (B) any Monthly Payment due under the Note is not paid in full by the fifth (5th) day of each calendar month, provided, however, if the fifth (5th) day of any such calendar month is not a Business Day, then the immediately preceding Business Day, (C) any prepayment of principal due under this Agreement or the Note is not paid when due, (D) the Liquidated Damages Amount or Yield Maintenance Premium is not paid when due, (E) any deposit to the Collection Account is not made on the required deposit date therefor; or (F) except as to any amount included in (A), (B), (C), (D), and/or (E), of this clause (i), any other amount payable pursuant to this Agreement, the Note or any other Loan Document is not paid in full on or before the tenth Business Day after Lender delivers written notice thereof to Borrower;

(ii) subject to Borrower's right to contest as set forth in Section 7.3, if any of the Impositions or Other Charges are not paid prior to the imposition of any interest, penalty, charge or expense for the non-payment thereof unless such non-payment is the sole result of Lender's failure to disburse funds from the Tax Reserve Account to pay such sums to the extent required to be paid by Lender pursuant to the terms of the Loan Documents;

(iii) if the insurance policies required by Section 6.1 are not kept in full force and effect, or if certified copies of any of such insurance policies are not delivered to Lender within thirty (30) days of the effective date thereof unless the failure to keep such policies in full force and effect is the sole result of Lender's failure to disburse funds from the Insurance

Reserve Account to pay insurance premiums to the extent required to be paid by Lender pursuant to the terms of the Loan Documents; provided, however, if Borrower delivers to Lender certificates of insurance within the aforesaid 30 day period, the failure to deliver policies to Lender within such period shall not be an Event of Default so long as Borrower is diligently pursuing and continues to diligently pursue delivery of the policies to Lender;

(iv) if, except as permitted pursuant to Article VIII, (a) any Transfer of any direct or indirect legal, beneficial or equitable interest in all or any portion of the Property occurs, (b) any Transfer of any direct or indirect interest in Borrower, or any other SPE Entity, (c) any Lien or encumbrance on all or any portion of the Property, or (d) any pledge, hypothecation, creation of a security interest in or other encumbrance of any direct or indirect interests in Borrower, or any other SPE Entity;

(v) if any representation or warranty made by Borrower herein or by Borrower, Guarantor or any Affiliate of Borrower in any other Loan Document, or in any report, certificate (including any certificates attached to any legal opinions delivered to Lender by Borrower on the date hereof), financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material adverse respect as of the date the representation or warranty was made;

(vi) if Borrower, any SPE Entity or any Guarantor shall make an assignment for the benefit of creditors;

(vii) if a receiver, liquidator or trustee shall be appointed for Borrower, any SPE Entity or any Guarantor or if Borrower, any SPE Entity or any Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any SPE Entity or any Guarantor, or if any proceeding for the dissolution or liquidation of Borrower, any SPE Entity or any Guarantor shall be instituted; provided, however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower, any SPE Entity or any Guarantor, upon the same not being discharged, stayed or dismissed within ninety (90) days;

(viii) if Borrower, any SPE Entity or any Guarantor, as applicable assigns its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(ix) with respect to any term, covenant or provision set forth herein which specifically contains a notice requirement or grace period, if Borrower or any Guarantor shall be in default under such term, covenant or condition after the giving of such notice or the expiration of such grace period;

(x) if any of the assumptions contained in the Non-Consolidation Opinion, in any Additional Non-Consolidation Opinion or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) if Borrower or any Affiliate defaults in any of its obligations under Section 15 of the Security Instrument;

(xii) if Borrower shall fail to comply with any covenants set forth in Sections 5.1.4 (other than solely in connection with clause (xviii) of the definition of "Single Purpose Entity" set forth herein), 5.1.6 through 5.1.8, inclusive, 5.1.12, 5.1.18 through 5.1.20, inclusive, 5.1.22, 5.2 or Article XI (except with respect to Section 11.2.1 which is covered by clause (xxiv) of this Section) with such failure continuing for ten (10) Business Days after Lender delivers written notice thereof to Borrower;

(xiii) if Borrower shall fail to comply with any covenants set forth in Section 3(d) of the Security Instrument or Section 8 of the Security Instrument with such failure continuing for ten (10) Business Days after Lender delivers written notice thereof to Borrower;

(xiv) Borrower shall fail to deposit the full amount required to be deposited in the Holding Account or any Sub-Accounts thereof pursuant to Section 3.1.6 within the time periods (if any) required by Section 3.1.6;

(xv) Intentionally omitted;

(xvi) if the Property becomes subject (i) to any Lien which is superior to the lien of the Security Instrument, other than a Lien for real estate taxes and assessments not due and payable or a Permitted Encumbrance, or

(ii) to any mechanic's, materialman's or other Lien which is superior to the lien of the Security Instrument, and such Lien under clause (i) or (ii) shall remain undischarged (by payment, bonding, or otherwise) for fifteen (15) days after notice of such Lien unless contested in accordance with the terms hereof;

(xvii) if the Management Agreement is terminated (other than as a result of a Borrower default as addressed in clause (xvi)) and a Qualified Manager is not appointed as a replacement manager pursuant to

the provisions of Section 5.2.14 within sixty (60) days after such termination;

(xviii) except as expressly permitted pursuant to the Loan Documents, if Borrower grants any easement, covenant or restriction (other than the Permitted Encumbrances) over the Property;

(xix) if Borrower shall default beyond the expiration of any applicable cure period under any existing easement, covenant or restriction which affects the Property, the default of which shall have a Material Adverse Effect;

(xx) if (A) the Bloomberg Lease shall be surrendered, terminated or canceled, or (B) any of the terms, covenants or conditions of the Bloomberg Lease shall in any manner be modified, changed, supplemented, altered or amended in violation of the provisions of Section 8.8.1 hereof;

(xxi) if the Condominium Board fails (A) to maintain the Common Elements in good condition and repair, and such failure directly or indirectly decreases the security value of the Property (except to a de minimis extent as determined by Lender in its sole and absolute discretion), (B) to promptly comply in all material respects with all laws, orders, and ordinances affecting the Common Elements, or the use thereof, (C) to promptly repair, replace or rebuild any part of the Common Elements which may be damaged or destroyed by any casualty or which may be affected by any condemnation proceeding if the failure to do so could have a Material Adverse Effect, or (D) to complete and pay for, within a reasonable time, any construction or repair undertaken on the Common Elements, all to the extent that the Board is required to so maintain, comply, repair, replace, rebuild and complete the Common Elements by the Condominium Declaration and the Bylaws (as defined in the Condominium Declaration) if the failure to do so could have a Material Adverse Effect ; and, in the case of any of the foregoing, Borrower fails to compel the Board to cure such failure or to itself cure or cause such failure to be cured, within seventy-five (75) days after written notice from Lender;

(xxii) if withdrawal of the Property from the Condominium Regime shall be joined in or authorized by Borrower;

(xxiii) if, without the prior written consent of Lender, Borrower joins in or authorizes the amendment of any of the material terms or provisions of the Condominium Declaration or the By-Laws in contravention of the terms hereof;

(xxiv) if Borrower shall fail to comply with any of its obligations set forth in Sections 5.1.23 or 11.2.1;

(xxv) if a default has occurred by Borrower under the Condominium Declaration and/or the By-Laws (a CONDOMINIUM DEFAULT), whether monetary or non-monetary, and such Condominium Default continues for thirty (30) days; provided, however, that if such Condominium Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that the defaulting party shall have commenced to cure such Condominium Default within such thirty (30) day period and thereafter diligently proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for the defaulting party in the exercise of due diligence to cure such Condominium Default, such additional period not to exceed one hundred and twenty (120) days;

(xxvi) if a default has occurred under the Bloomberg Lease (a BLOOMBERG DEFAULT), whether monetary or non-monetary, and such Bloomberg Default continues for thirty (30) days; provided, however, that if such Bloomberg Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that the defaulting party (or Borrower on behalf of Bloomberg) shall have commenced to cure such Bloomberg Default within such thirty (30) day period and thereafter diligently proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for the defaulting party (or Borrower on behalf of Bloomberg) in the exercise of due diligence to cure such Bloomberg Default, such additional period not to exceed (A) ninety (90) days in the case of a default under the Bloomberg Lease which does not require Borrower to take possession of the Property, and (B) one hundred and twenty (120) days in the case of any other default under the Bloomberg Lease; or

(xxvii) if Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or of any Loan Document not specified in subsections (i) to (xxvi) above, for thirty (30) days after notice from Lender; provided, however, that if such Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower shall have commenced to cure such Default within such thirty

(30) day period and thereafter diligently proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed one hundred twenty (120) days.

(b) Unless waived in writing by Lender, upon the occurrence of an Event of Default and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other

Loan Documents or at law or in equity, Lender may take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, (i) declaring immediately due and payable the entire Principal Amount together with interest thereon and all other sums due by Borrower under the Loan Documents, (ii) collecting interest on the Principal Amount at the Default Rate whether or not Lender elects to accelerate this Note and (iii) enforcing or availing itself of any or all rights or remedies set forth in the Loan Documents against Borrower and the Property, including, without limitation, all rights or remedies available at law or in equity; and upon any Event of Default described in subsections (a)(vi) or(a)(vii) above, the Indebtedness and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding. The foregoing provisions shall not be construed as a waiver by Lender of its right to pursue any other remedies available to it under this Agreement, the Security Instrument or any other Loan Document. Any payment hereunder may be enforced and recovered in whole or in part at such time by one or more of the remedies provided to Lender in the Loan Documents.

SECTION 17.2 REMEDIES.

(a) Unless waived in writing by Lender, upon and during the occurrence and continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Indebtedness shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, Borrower agrees that if an Event of Default is continuing (i) Lender is not subject to any one action or election of remedies law or rule, and (ii) all liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Property and the Security Instrument has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Indebtedness or the Indebtedness has been paid in full.

(b) Upon the occurrence and during the continuance of an Event of Default, with respect to the Account Collateral, the Lender may:

(i) without notice to Borrower, except as required by law, and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Account Collateral against the Obligations, Operating Expenses and/or capital expenditures for the Property or any part thereof;

(ii) in Lender's sole discretion, at any time and from time to time, exercise any and all rights and remedies available to it under this Agreement, and/or as a secured party under the UCC;

(iii) demand, collect, take possession of or receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Account Collateral (or any portion thereof) as Lender may determine in its sole discretion; and

(iv) take all other actions provided in, or contemplated by, this Agreement.

(c) With respect to Borrower, the Account Collateral, and the Property, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to the Property for the satisfaction of any of the Indebtedness, and Lender may seek satisfaction out of the Property or any part thereof, in its absolute discretion in respect of the Indebtedness. In addition, Lender shall have the right from time to time to partially foreclose this Agreement and the Security Instrument in any manner and for any amounts secured by this Agreement or the Security Instrument then due and payable as determined by Lender in its sole discretion including, without limitation, the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose this Agreement and the Security Instrument to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire outstanding principal balance of the Loan, Lender may foreclose this Agreement and the Security Instrument to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by this Agreement or the Security Instrument as Lender may elect. Notwithstanding one or more partial foreclosures, the Property shall remain subject to this Agreement and the Security Instrument to secure payment of sums secured by this Agreement and the Security Instrument and not previously recovered.

(d) Notwithstanding any term set forth herein or in any of the other Loan Documents, (i) Lender covenants not to complete a foreclosure or exercise any remedies with respect to with respect to Office Unit 2 unless Borrower has defaulted in any of its obligations under Section 15 and/or Section 13(h) (in a manner that relates to Office Unit 2) of the Security Instrument (an

OFFICE UNIT 2 DEFAULT) and (ii) subject to the terms of Section 15(a) of the Security Instrument, prior to the occurrence and continuance of an Office Unit 2 Default, Borrower may collect and use all Rent payable with respect to Office Unit 2 without having to deposit (or causing to be deposited) any such Rent derived therefrom that is not attributable to the Bloomberg Lease into the Collection Account. Additionally, except with respect to (i) Borrower's strict compliance with the covenants imposed upon Borrower pursuant to the terms of Section 13(h) (in a manner that relates to Office Unit 2) and Section 15 of the Security Instrument and (ii) Borrower's grant of the lien and security interest set forth herein to Lender in all its right, title and interest in and to the Property (including, without limitation, in and to Office Unit 2), Lender agrees that Borrower shall not be obligated to comply with any of the covenants imposed by the terms of the Loan Documents solely as such covenants relate to Office Unit 2 except that Borrower shall be required to comply with such covenants for any portion of Office Unit 2 that Borrower leases to Tenant pursuant to the terms of the Bloomberg Lease. Notwithstanding anything to the contrary set forth herein or in any of the other Loan Documents, any reference to the Property in the representations that Borrower makes as of the date hereof shall be deemed to be a reference only to Office Unit 1 (except to the extent such representations relate to (i) Borrower's ownership interests in Office Unit 2 and/or (ii) Lender's liens and security interests in Office Unit 2).

SECTION 17.3 REMEDIES CUMULATIVE; WAIVERS. The rights, powers and remedies of Lender under this Agreement and the Security Instrument shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower or any Guarantor shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or any Guarantor or to impair any remedy, right or power consequent thereon.

SECTION 17.4 COSTS OF COLLECTION. In the event that after an Event of Default: (i) the Note or any of the Loan Documents is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (ii) an attorney is retained to represent Lender in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors' rights and involving a claim under this Note or any of the Loan Documents; or (iii) an attorney is retained to protect or enforce the lien or any of the terms of this Agreement, the Security Instrument or any of the Loan Documents; then Borrower shall pay to Lender all reasonable attorney's fees, costs and expenses actually incurred in connection therewith, including costs of appeal, together with interest on any judgment obtained by Lender in respect of such fees, costs and expenses at the Default Rate.

XVIII. SPECIAL PROVISIONS

SECTION 18.1 EXCULPATION.

18.1.1 EXCULPATED PARTIES. Except as set forth in this Section 18.1 and the Environmental Indemnity, no personal liability shall be asserted, sought or obtained by Lender or enforceable against (i) Borrower, (ii) any Affiliate of Borrower, (iii) any Person owning, directly or indirectly, any legal or beneficial interest in Borrower or any Affiliate of Borrower or (iv) any direct or indirect partner, member, principal, officer, Controlling Person, beneficiary, trustee, advisor, shareholder, employee, agent, Affiliate or director of any Persons described in clauses (i) through (iii) above (collectively, the EXCULPATED PARTIES) and none of the Exculpated Parties shall have any personal liability (whether by suit deficiency judgment or otherwise) in respect of the Obligations, this Agreement, the Security Instrument, the Note, the Property or any other Loan Document, or the making, issuance or transfer thereof, all such liability, if any, being expressly waived by Lender. The foregoing limitation shall not in any way limit or affect Lender's right to any of the following and Lender shall not be deemed to have waived any of the following:

- (a) Foreclosure of the lien of this Agreement and the Security Instrument in accordance with the terms and provisions set forth herein and in the Security Instrument;
- (b) Action against any other security at any time given to secure the payment of the Note and the other Obligations;
- (c) Exercise of any other remedy set forth in this Agreement or in any other Loan Document which is not inconsistent with the terms of this Section 18.1;
- (d) Any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Indebtedness secured by this Agreement and the Security Instrument or to require that all collateral shall continue to secure all of the Indebtedness owing to Lender in accordance with the Loan Documents; or
- (e) The liability of any given Exculpated Party with respect to any separate written agreement given by any such Exculpated Party in connection with the Loan (including, without limitation and the Environmental Indemnity).

18.1.2 CARVEOUTS FROM NON-RECOURSE LIMITATIONS. Notwithstanding the foregoing or anything in this Agreement or any of the Loan Documents to the contrary, there shall at no time be any limitation on Borrower's liability for the payment, in accordance with the terms of this Agreement, the Note, the Security Instrument and the other Loan Documents, to Lender of:

- (a) any Losses incurred by or on behalf of Lender by reason of the fraudulent acts of Borrower or any Affiliate of Borrower;

(b) Proceeds which Borrower or any Affiliate of Borrower has received and intentionally misapplied (it being agreed that Borrower shall not be deemed to have misapplied Proceeds unless same are received by Borrower and not paid to Lender, in a circumstance in which Lender is expressly entitled to receive same from Borrower and/or any Affiliate pursuant to the terms of this Agreement or any of the Loan Documents to be applied toward payment of the Indebtedness, or used for the repair or replacement of the Property in accordance with the provisions of this Agreement);

(c) all Losses incurred by Lender and arising from (i) any intentional misrepresentation of Borrower or any Affiliate of Borrower and/or (ii) Borrower's failure, after the occurrence of a Casualty Event, to cause Guarantor to deliver the Completion Guaranty to Lender in accordance with the terms and time periods set forth in

Section 6.2.4 hereof, including, without limitation, any Losses incurred by or on behalf of Lender as a result of Lender's failure to make any Proceeds available to Borrower to restore the Property;

(d) any misappropriation of Rents or security deposits by Borrower or any Affiliate of Borrower;

(e) any Losses incurred by or on behalf of Lender by reason of all or any part of the Property or the Account Collateral being encumbered by a Lien (other than this Agreement and the Security Instrument) in violation of the Loan Documents;

(f) after the occurrence and during the continuance of an Event of Default, any Rents, issues, profits and/or income collected by Borrower or any Affiliate of Borrower (other than Rent sent to the Collection Account or paid directly to Lender pursuant to any notice of direction delivered to tenants of the Property) and not applied to payment of the Obligations or used to pay normal and verifiable Operating Expenses of the Property or otherwise applied in a manner permitted under the Loan Documents;

(g) any Losses incurred by or on behalf of Lender by reason of physical damage to the Property from intentional waste committed by Borrower or any Affiliate of Borrower;

(h) any Losses incurred by or on behalf of Lender by reason of the intentional failure of Borrower to comply with any of the provisions of Article XII;

(i) any Losses incurred by or on behalf of Lender by reason of the occurrence of any of the following events:

(1) Borrower fails to comply with the material Single Purpose Entity requirements of this Agreement (other than solely clause (xvii) of the definition of "Single Purpose Entity" set forth herein); (2) Borrower fails to comply with any of the provisions of Section 8.1 and/or Section 8.5; (3) Borrower files a voluntary

petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (4) an Affiliate, officer, director, or representative which controls, directly or indirectly, Borrower files, or joins in the filing of, an involuntary petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower from any Person; (5) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; (6) any Affiliate, officer, director, or representative which controls Borrower consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of the Property; or (7) Borrower makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due;

(j) any Losses incurred by or on behalf of Lender as a result of (i) the failure of any or all of Borrower, any its Affiliates and/or any other owner of the Upper Option Space and/or Lower Option Space (as each such term is defined in the Bloomberg Lease) (other than Lender or any Affiliate of Lender), to comply with the terms of Article 36 (Option Space) of the Bloomberg Lease (or, following a foreclosure of the lien secured by the Security Instrument or a deed in lieu of foreclosure, Lender's inability to comply with the terms of Article 36 of the Bloomberg Lease as a result of such Person's failure to comply with the terms of such Article) (an EXPANSION SPACE DEFAULT), (ii) the exercise of any rights that Bloomberg may have as a result of any Expansion Space Default (whether pursuant to the Bloomberg Lease, at law or in equity), including, without limitation, any rights to set off any payments required under the Bloomberg Lease and/or (iii) paying any amount or performing any obligation with respect to the Upper Option Space and/or Lower Option Space after the occurrence of an Expansion Space Default;

(k) any Losses incurred by or on behalf of Lender as a result of the failure by Borrower and/or any of its Affiliates to comply in any respect with the terms of Section 15 of the Security Instrument; and/or

(l) reasonable attorney's fees and expenses incurred by Lender in connection with any successful suit filed on account of any of the foregoing clauses (a) through (k).

The term "Losses" means any and all losses, damages, costs, expenses, liabilities, claims or other obligations reasonably incurred by Lender (including reasonable attorneys' fees and costs but excluding any punitive damages and lost profits).

Notwithstanding anything to the contrary in this Agreement, the Note or any of the Loan Documents, Lender shall not be deemed to have waived any right which

Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Indebtedness or to require that all collateral shall continue to secure all of the Indebtedness owing to Lender in accordance with the Loan Documents.

XIX. MISCELLANEOUS

SECTION 19.1 SURVIVAL. This Agreement and all covenants, indemnifications, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Indebtedness is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 19.2 LENDER'S DISCRETION. Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive.

SECTION 19.3 GOVERNING LAW.

(A) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(B) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER AND LENDER WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND LENDER AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT:

**CORPORATION SERVICE COMPANY
80 STATE STREET
ALBANY, NEW YORK 12207 2543**

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREE THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS) , AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

SECTION 19.4 MODIFICATION, WAIVER IN WRITING. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought (and, if a Securitization shall have occurred, a Rating Agency Confirmation is obtained), and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 19.5 DELAY NOT A WAIVER. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or

agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 19.6 NOTICES. All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by telecopier (with answer back acknowledged), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section and given at least twenty (20) days prior to the effective date of such change of address):

If to Lender: German American Capital Corporation
60 Wall Street
New York, New York 10005
Attention: Eric Schwartz and General Counsel
Facsimile: (212) 250-7210
Confirmation No. (212) 250-2500

With a copy to
Servicer: GMAC Commercial Mortgage Corporation
200 Witmer Road
Horsham, Pennsylvania 19044
Attention: Managing Director, Global
Facsimile: (215).328.3478
Confirmation No.: 215.328.1030

With a copy to: Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Harvey R. Uris, Esq.
Facsimile: (917) 777-2212
Confirmation No. (212) 735-3000

If to Borrower: 731 Office One LLC
c/o Alexander's Inc.

888 Seventh Avenue
New York, New York 10106
Attention: Wendy Silverstein
Facsimile: (212) 894-7073
Confirmation No. (212) 894-7000

With a copy to: Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Attention: Ronald D. Sernau, Esq.
Facsimile: (212) 969 2900
Confirmation No. (212) 969 3785

All notices, elections, requests and demands under this Agreement shall be effective and deemed received upon the earliest of (i) the actual receipt of the same by personal delivery or otherwise, (ii) one (1) Business Day after being deposited with a nationally recognized overnight courier service as required above, (iii) three (3) Business Days after being deposited in the United States mail as required above, or (iv) on the day sent if sent by facsimile with confirmation on or before 5:00 p.m. New York time on any Business Day or on the next Business Day if so delivered after 5:00 p.m. New York time or on any day other than a Business Day. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as herein required shall be deemed to be receipt of the notice, election, request, or demand sent.

SECTION 19.7 TRIAL BY JURY. BORROWER AND LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, THE SECURITY INSTRUMENT, THE NOTE OR ANY OTHER LOAN DOCUMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, THE SECURITY INSTRUMENT, THE NOTE OR ANY OTHER LOAN DOCUMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF LENDER AND BORROWER ACKNOWLEDGES

THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

SECTION 19.8 HEADINGS. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 19.9 SEVERABILITY. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 19.10 PREFERENCES. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds 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 under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

SECTION 19.11 WAIVER OF NOTICE. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 19.12 EXPENSES; INDEMNITY.

(a) Except as otherwise provided to the contrary in this Agreement, Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender pursuant to this Agreement); (ii) Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan

Documents on its part to be performed or complied with after the Closing Date; (iii) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents requested by Borrower and any other documents or matters as required herein or under the other Loan Documents; (iv) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement;

(v) the filing and recording fees and expenses, mortgage recording taxes, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of Lender pursuant to this Agreement and the other Loan Documents; (vi) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; (vii) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a work-out or of any insolvency or bankruptcy proceedings and (viii) procuring insurance policies pursuant to Section 6.1.11; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender. Any cost and expenses due and payable to Lender may be paid from any amounts in the Collection Account or the Holding Account in accordance with Section 3.1.6(c).

(b) Subject to the non-recourse provisions of

Section 18.1, Borrower will protect, indemnify and save harmless Lender, and all officers, directors, stockholders, members, partners, employees, agents, successors and assigns thereof (collectively, the INDEMNIFIED PARTIES) from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including all reasonable attorneys' fees and expenses actually incurred) imposed upon or incurred by or asserted against the Indemnified Parties or the Property or any part of its interest therein (by Persons other than any Affiliate of an Indemnified Party), by reason of the occurrence or existence of any of the following (to the extent Proceeds payable on account of the following shall be inadequate; it being understood that in no event will the Indemnified Parties be required to actually pay or incur any costs or expenses as a condition to the effectiveness of the foregoing indemnity) prior to (i) the acceptance by Lender or its designee of a deed-in-lieu of foreclosure with respect to the Property, or (ii) an Indemnified Party or its designee taking possession or control of the Property or (iii) the foreclosure of the Security Instrument, except to the extent caused by the actual willful misconduct or gross negligence of the Indemnified Parties (other than such willful misconduct or gross negligence imputed to the Indemnified Parties because of their interest in the Property):

(1) ownership of Borrower's interest in the Property, or any interest therein, or receipt of any Rents or other sum therefrom, (2) any accident, injury to or death of any persons or loss of or damage to property occurring on or about the Property or any appurtenances

thereto, (3) any design, construction, operation, repair, maintenance, use, non-use or condition of the Property or Appurtenances thereto, including claims or penalties arising from violation of any Legal Requirement or Insurance Requirement, as well as any claim based on any patent or latent defect, whether or not discoverable by Lender, any claim the insurance as to which is inadequate, and any Environmental Claim, (4) any Default under this Agreement or any of the other Loan Documents or any failure on the part of Borrower to perform or comply with any of the terms of any Lease the Condominium Declaration or the By-Laws within the applicable notice or grace periods, (5) any performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof, (6) any negligence or tortious act or omission on the part of Borrower or any of its agents, contractors, servants, employees, sublessees, licensees or invitees, (7) any contest referred to in Section 7.3 hereof, (8) any obligation or undertaking relating to the performance or discharge of any of the terms, covenants and conditions of the landlord contained in the Bloomberg Lease, the By-Laws or the Condominium Declaration, or (9) the presence at, in or under the Property or the Improvements of any Hazardous Substances in violation of any Environmental Law. Any amounts the Indemnified Parties are legally entitled to receive under this Section 19.12(b) which are not paid within fifteen (15) Business Days after written demand therefor by the Indemnified Parties or Lender, setting forth in reasonable detail the amount of such demand and the basis therefor, shall bear interest from the date of demand at the Default Rate, and shall, together with such interest, be part of the Indebtedness and secured by the Security Instrument. In case any action, suit or proceeding is brought against the Indemnified Parties by reason of any such occurrence, the Indemnified Parties shall provide prompt notice of any such action, suit or proceeding and Borrower shall, at Borrower's expense resist and defend such action, suit or proceeding or will cause the same to be resisted and defended by counsel at Borrower's reasonable expense for the insurer of the liability or by counsel designated by Borrower (unless reasonably disapproved by Lender promptly after Lender has been notified of such counsel); provided, however, that nothing herein shall compromise the right of Lender (or any Indemnified Party) to appoint its own counsel at Borrower's expense for its defense with respect to any action which in its reasonable opinion presents a conflict or potential conflict between Lender and Borrower that would make such separate representation advisable; provided further that if Lender shall have appointed separate counsel pursuant to the foregoing, Borrower shall not be responsible for the expense of additional separate counsel of any Indemnified Party unless in the reasonable opinion of Lender a conflict or potential conflict exists between such Indemnified Party and Lender. So long as Borrower is resisting and defending such action, suit or proceeding as provided above in a prudent and commercially reasonable manner, Lender and the Indemnified Parties shall not be entitled to settle such action, suit or proceeding without Borrower's consent which shall not be unreasonably withheld or delayed, and claim the benefit of this Section 19.12(b) with respect to such action, suit or proceeding and Lender agrees that it will not settle any such action, suit or proceeding without the consent of Borrower;

provided, however, that if Borrower is not diligently defending such action, suit or proceeding in a prudent and commercially reasonable manner as provided above, and Lender has provided Borrower with thirty (30) days' prior written notice, or shorter period if mandated by the requirements of applicable law, and opportunity to correct such determination, Lender may settle such action, suit or proceeding and claim the benefit of this Section 19.12(b) with respect to settlement of such action, suit or proceeding. Any Indemnified Party will give Borrower prompt notice after such Indemnified Party obtains actual knowledge of any potential claim by such Indemnified Party for indemnification hereunder.

SECTION 19.13 EXHIBITS AND SCHEDULES INCORPORATED. The Exhibits and Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 19.14 OFFSETS, COUNTERCLAIMS AND DEFENSES. Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower or in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower .

SECTION 19.15 LIABILITY OF ASSIGNEES OF LENDER. No assignee of Lender shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any other Loan Document or any amendment or amendments hereto made at any time or times, heretofore or hereafter, any different than the liability of Lender hereunder. In addition, no assignee shall have at any time or times hereafter any personal liability, directly or indirectly, under or in connection with or secured by any agreement, lease, instrument, encumbrance, claim or right affecting or relating to the Property or to which the Property is now or hereafter subject any different than the liability of Lender hereunder. The limitation of liability provided in this

Section 19.15 is (i) in addition to, and not in limitation of, any limitation of liability applicable to the assignee provided by law or by any other contract, agreement or instrument, and (ii) shall not apply to any assignee's gross negligence or willful misconduct.

SECTION 19.16 NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender or Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

SECTION 19.17 PUBLICITY. All news releases, publicity or advertising by Borrower, Lender or their Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, shall be subject to the reasonable prior written approval of Lender and Borrower.

SECTION 19.18 WAIVER OF MARSHALLING OF ASSETS. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members and others with interests in Borrower and of the Property, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Indebtedness without any prior or different resort for collection or of the right of Lender to the payment of the Indebtedness out of the net proceeds of the Property in preference to every other claimant whatsoever.

SECTION 19.19 WAIVER OF COUNTERCLAIM AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Agreement, the Note, the Security Instrument or any Loan Document, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Agreement, the Note, the Security Instrument or any Loan Document and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

SECTION 19.20 CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted

same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or their Affiliates.

SECTION 19.21 PRIOR AGREEMENTS. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents and unless specifically set forth in a writing contemporaneous herewith the terms, conditions and provisions of any and all such prior agreements do not survive execution of this Agreement.

SECTION 19.22 USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318: **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, the Administrative Agent will ask for Borrower's name, taxpayer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and, if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and, if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

SECTION 19.23 TAX TREATMENT. Lender (and each employee, representative or other agent of Lender) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to Lender relating to such tax treatment or tax structure, other than information or materials for which nondisclosure is reasonably necessary in order to comply with applicable securities laws so long as disclosure is not otherwise limited.

SECTION 19.24 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ *Brian Kurtz*

Name: *Brian Kurtz*
Title: *Assistant Secretary*

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION, a
Maryland corporation

By: /s/ *Christopher Tognola*

Name: *Christopher Tognola*
Title: *Vice President*

By: /s/ *Thomas R. Traynor*

Name: *Thomas R. Traynor*
Title: *Authorized Signatory*

Exhibit 10.21

**AMENDED, RESTATED AND CONSOLIDATED
MORTGAGE, SECURITY AGREEMENT, FINANCING
STATEMENT AND ASSIGNMENT OF LEASES,
RENTS AND SECURITY DEPOSITS**

by and between

731 OFFICE ONE LLC
as Borrower

having an address for notice purposes c/o Alexander's Inc.

888 Seventh Avenue
New York, New York 10019

and

GERMAN AMERICAN CAPITAL CORPORATION,

as Lender

having an address at
60 Wall Street
New York, New York 10005

Street Address: 731 Lexington Avenue
New York, New York

County: New York

Section:

Block: 1313

Lot: 1002 and 1003

Dated as of February 13, 2004

Prepared By, Record and Return to:
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036-6522
Attention: Harvey R. Uris, Esq.

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**AMENDED, RESTATED AND CONSOLIDATED
MORTGAGE, SECURITY AGREEMENT, FINANCING
STATEMENT AND ASSIGNMENT OF LEASES,
RENTS AND SECURITY DEPOSITS**

AMENDED, RESTATED AND CONSOLIDATED MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT AND ASSIGNMENT OF LEASES, RENTS AND SECURITY DEPOSITS, dated as of February 13, 2004 (together with all amendments and supplements, this SECURITY INSTRUMENT), is made by and between 731 OFFICE ONE LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc. at 888 Seventh Avenue, New York, New York 10019, and GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation, having an address for notice purposes at 60 Wall Street, New York, New York 10005 (together with its successors and assigns, LENDER).

RECITALS

WHEREAS, Borrower is the owner of (i) the real property commonly known as Office Unit 1 of the Beacon Court Condominium located at 731 Lexington Avenue in the City of New York, County of New York and State of New York such ownership interest being comprised of a fee simple interest in the real property described in EXHIBIT A-1 attached hereto and made a part hereof (the CONDOMINIUM UNIT), (ii) the real property commonly known as Office Unit 2 of the Beacon Court Condominium located at 731 Lexington Avenue in the City of New York, County of New York and State of New York such ownership interest being comprised of a fee simple interest in the real property referred to as "Office Unit 2" (as defined in the Condominium Documents) and described in EXHIBIT A-2 attached hereto and made a part hereof (the OFFICE UNIT 2 or UPPER OPTION SPACE, together with the Condominium Unit, collectively the COMMERCIAL UNITS) and (iii) title to the Improvements (as hereinafter defined);

WHEREAS, Lender is the present owner and holder of the promissory note described on SCHEDULE 1 attached hereto and made a part hereof (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the outstanding principal amount of \$400,000,000;

WHEREAS, the Existing Note is secured by the mortgage described on SCHEDULE 2 attached hereto and made a part hereof (the EXISTING MORTGAGE), which Existing Mortgage constitutes a lien on the Property (as hereinafter defined) securing the outstanding principal sum of \$400,000,000;

WHEREAS, pursuant to that certain Loan and Security Agreement (the LOAN AGREEMENT), dated the date hereof, Lender has agreed to make a loan to Borrower in the maximum principal amount of \$400,000,000, such loan to be comprised of the outstanding principal amount of the Existing Note;

WHEREAS, in accordance with the terms and conditions of the Loan Agreement, Borrower and Lender are entering into an Amended, Restated and Consolidated Note, dated as of the date hereof (together with all extensions, renewals, modifications, consolidations, substitutions, exchanges replacements and restatements thereof, the NOTE) pursuant to which the terms and conditions of the Existing Note are being modified, amended, restated and consolidated in their entirety;

WHEREAS, the Note shall constitute a single indebtedness (the LOAN) in the maximum principal amount of \$400,000,000 (the PRINCIPAL AMOUNT) payable in accordance with the terms of the Note and the Loan Agreement;

WHEREAS, Borrower and Lender have agreed in the manner hereinafter set forth to amend, modify and restate in their entirety the terms and provisions of the Existing Mortgage on the terms and conditions hereinafter set forth; and

WHEREAS, Borrower and Lender intend these Recitals to be a material part of this Security Instrument.

RESTATEMENT OF MORTGAGE

The Existing Mortgage and the lien thereof is hereby modified so that it shall constitute in law one mortgage, a single first priority lien, covering the Property and securing a portion of the indebtedness evidenced by the Note in the principal sum of \$400,000,000, together with interest thereon as provided in the Note, and the terms, covenants, conditions and provisions of the Existing Mortgage, as so modified are hereby modified, amended, restated and consolidated in their entirety so that henceforth the terms, covenants, conditions and provisions of the Existing Mortgage shall read and be as set forth in this Security Instrument and Borrower agrees to comply with and be subject to all of the terms, covenants and conditions of this Security Instrument.

Borrower hereby certifies that this Security Instrument secures the same indebtedness evidenced by the Existing Note (as modified, amended, restated and increased by the Note) and secured by the Existing Mortgage (as modified pursuant the immediately preceding paragraph) and secures no further or other indebtedness or obligation. Neither this Security Instrument nor anything contained herein shall be construed as a substitution or novation of Borrower's indebtedness to Lender or of the Existing Mortgage, which shall remain in full force and effect as hereby confirmed, modified, restated and superseded.

This Security Instrument is an extension and continuation of the existing indebtedness evidenced and secured by the Existing Note and the Existing Mortgage and as increased pursuant to the Note and secured hereby.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECURITY INSTRUMENT, THE MAXIMUM PRINCIPAL AMOUNT OF INDEBTEDNESS SECURED BY THIS SECURITY INSTRUMENT AT EXECUTION OR WHICH UNDER ANY CONTINGENCY MAY BE SECURED HEREBY AT ANY TIME HEREAFTER IS \$400,000,000.

The Existing Mortgage, as modified, amended, restated and consolidated in its entirety pursuant to this Security Instrument, and the obligations of Borrower hereunder, are hereby ratified and confirmed, and shall remain in full force and effect until the payment in full of the Indebtedness (as hereinafter defined).

SECURED INDEBTEDNESS

NOW, THEREFORE, in consideration of the Loan to Borrower evidenced by the Note and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby agrees as follows:

TO SECURE:

(i) payment and performance of all covenants, conditions, liabilities and obligations of Borrower to Lender contained in the Loan Agreement and the other Loan Documents; and

(ii) payment of the indebtedness evidenced by, the Note plus all interest and all fees, payable thereunder; and

(iii) payment and performance of all covenants, conditions, liabilities and obligations contained in this Security Instrument and any extensions, renewals or modifications hereof; and

(iv) payment and performance of all covenants, conditions, liabilities and obligations of Borrower contained in the Assignment of Leases, Rents and Security Deposits, dated as of the date hereof (together with any extensions, renewals or modifications thereof, the ASSIGNMENT OF LEASES), between Borrower, as assignor, and Lender, as assignee; and

(v) payment and performance of all covenants, conditions, liabilities and obligations of Borrower contained in each of the other Loan Documents (as defined below); and

(vi) without limiting the foregoing, payment of all indebtedness, liabilities, and amounts from time to time incurred by Lender pursuant to the Note, this Security Instrument, the Loan Agreement or such other Loan Documents, even if the aggregate amount of the monetary obligation outstanding at any one time exceeds the face amount of the Note (all of the foregoing indebtedness, monetary liabilities and obligations set forth in clauses (i) through (v) above and this clause (vi), collectively, the INDEBTEDNESS); and

(vii) payment of the Indebtedness together with the payment and performance of all other covenants, conditions, liabilities and obligations described and set forth in clauses (i) through (vi) above and in this clause (vii), collectively, the OBLIGATIONS.

GRANTING CLAUSES

NOW, THEREFORE, THIS SECURITY INSTRUMENT WITNESSETH: that Borrower, in consideration of the premises, the Indebtedness evidenced by the Note, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged (a) has mortgaged, warranted, granted, bargained, sold, alienated, released, confirmed, conveyed, pledged and assigned, and (b) by these presents does hereby irrevocably grant and create a first priority Lien (as defined below) on and security interest in, subject to the Permitted Encumbrances and the provisions hereof and of the other Loan Documents, and does hereby MORTGAGE, GRANT A SECURITY INTEREST IN AND PLEDGE to Lender and its successors and assigns forever, all Borrower's estate, right, title and interest now owned or hereafter acquired in, to and under any and all the property (collectively, the PROPERTY) described in the following Granting Clauses:

(A) the Commercial Units;

(B) all lands, estates, development rights and appurtenant interest now or hereafter acquired by Borrower for use in connection with the Commercial Units and the development of the Commercial Units, and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise, be expressly made subject to the lien of this Security Instrument;

(C) all of Borrower's right, title and interest in and to the buildings, foundations, structures, improvements and fixtures now or hereafter located or erected on the Commercial Units (the IMPROVEMENTS);

(D) all of Borrower's right, title and interest in and to (i) all streets, avenues, roads, alleys, passages, places, sidewalks, strips and gores of land and ways, existing or proposed, public or private, adjacent to the Commercial Units, and all reversionary rights with respect to the vacation of said streets, avenues, roads, alleys, passages, places, sidewalks and ways in the land lying thereunder; (ii) all air, light, lateral support, development, drainage, oil, gas and mineral rights, options to purchase or lease, waters, water courses and riparian rights now or hereafter pertaining to or used in connection with the Commercial Units and/or the Improvements; (iii) all and singular, the tenements, hereditaments, rights of way, easements, appendages and appurtenances and property now or hereafter belonging or in any way appertaining to the Commercial Units and/or the Improvements; and (iv) all estate, right, title, claim or demand whatsoever, either at law or in equity, in possession or expectancy, of, in and to the Commercial Units and/or the Improvements (collectively, the APPURTENANCES);

(E) all of Borrower's right, title and interest in and to the machinery, appliances, apparatus, equipment, fittings, fixtures, materials,

articles of personal property and goods of every kind and nature whatsoever used in connection with the Commercial Units and/or the Improvements and all additions to and renewals and replacements thereof, and all substitutions therefor, now or hereafter affixed to, attached to, placed upon or located upon or in the Commercial Units and/or the Improvements, or any part thereof, and used in connection with the use, ownership, management, maintenance, enjoyment or operation of the Commercial Units and/or the Improvements in any present or future occupancy or use thereof and now owned or leased (to the extent permitted by the applicable lease) or hereafter owned or leased by Borrower, including, but without limiting the generality of the foregoing, all heating, lighting, laundry, cooking, incinerating, loading, unloading and power equipment, boilers, dynamos, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus, air cooling and air conditioning apparatus, building materials and equipment, elevators, escalators, carpeting, shades, draperies, awnings, screens, doors and windows, blinds, furnishings (other than equipment and personal property of tenants or invitees to the Commercial Units and/or the Improvements, or any part thereof) (collectively called BUILDING EQUIPMENT);

(F) all of Borrower's right, title and interest as lessor or licensor, as the case may be, in, to and under any lease, sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest by Borrower, Manager, Guarantor or any of their Affiliates in, or right to use or occupy all or any portion of, any space in the Property, and every modification, amendment or other agreement relating to such lease, sublease, subsublease, or other agreement entered into by Borrower, Manager, Guarantor or any of their Affiliates in connection with such lease, sublease, subsublease, or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, including, without limitation, any cash and securities deposited thereunder (collectively, LEASES), the grant of such cash and securities hereunder being expressly subject to the provisions of the applicable Leases and all of Borrower's right, title and interest, subject to the provisions of Section 5, in the right to receive and collect the revenues, income, rents, issues, profits, royalties and other benefits payable under any of the Leases (collectively, RENTS), and all revenues, income, rents, issues and profits otherwise arising from the use or enjoyment of all or any portion of the Property;

(G) subject to the provisions of Section 6.2 of the Loan Agreement, all of Borrower's right, title and interest in and to all proceeds, judgments, claims, compensation, awards or payments hereafter made to

Borrower for the taking, whether permanent or temporary, by condemnation, eminent domain, or for any conveyance made in lieu of such taking, of the whole or any part of the Property, including, without limitation, all proceeds, judgments, claims, compensation awards or payments for changes of grade of streets or any other injury to or decrease in the value of the Property, whether direct or consequential, which awards and payments are, subject to the provisions of Article VI of the Loan Agreement, hereby assigned to Lender, who is hereby authorized to collect and receive the proceeds thereof and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the Indebtedness in such order as Lender may determine in accordance with the provisions of this Security Instrument and the Loan Agreement without regard to the adequacy of Lender's security hereunder and notwithstanding the fact that the amount thereof may not then be due and payable, and toward the payment of reasonable counsel fees, costs and disbursements incurred by Lender in connection with the collection of such awards or payments; and Borrower hereby agrees, upon reasonable request, to make, execute and deliver any and all further assignments and other instruments sufficient for the purpose of confirming this assignment of said proceeds, judgments, claims, compensation awards or payments to Lender, free, clear and discharged of any encumbrances of any kind or nature whatsoever other than the Permitted Encumbrances (as defined in the Loan Agreement);

(H) subject to the provisions of Section 6.2 of the Loan Agreement, all of Borrower's right, title and interest in and to all unearned premiums paid under insurance policies now or hereafter obtained by Borrower to the extent the same insure the Property and any other insurance policies obtained by Borrower required to be maintained pursuant to Section 6.1 of the Loan Agreement to the extent the same insure the Property, including, without limitation, liability insurance policies and Borrower's interest in and to all proceeds of the conversion and the interest payable thereon, voluntary or involuntary, of] the Property, or any part thereof, into cash or liquidated claims including, without limitation, proceeds of casualty insurance, title insurance or any other insurance maintained on or with respect to the Property (other than liability insurance);

(I) all right, title and interest of Borrower in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and Appurtenances to, the Property, hereafter acquired by or released to Borrower or constructed, assembled or placed by Borrower on the Property, and all conversions of the security constituted thereby; immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, to the extent permitted by law, without any further mortgage, conveyance, assignment or other act by Borrower, all such

extensions, improvements, betterments, renewals, substitutes and replacements shall become subject to the Lien of this Security Instrument as fully and completely, and with the same effect, as though now owned by Borrower and specifically described herein;

(J) all of Borrower's right, title and interest in, to and under, to the extent the same may be encumbered or assigned by Borrower pursuant to the terms thereof and to the extent permitted by applicable law, and without impairment of the validity or enforceability thereof, (i) the Condominium Declaration and the By-Laws (as defined in the Loan Agreement) and all contracts and agreements relating to the Property (other than the Leases), and other documents, books and records related to the ownership and operation of the Property; (ii) to the extent permitted by law all Licenses (including, to the extent permitted by law, any licenses held by Borrower permitting the sale of liquor at any of the Property the transfer and/or assignment of which is permitted by law without filing or other qualification), warranties, guaranties, building permits and government approvals relating to or required for the construction, completion, occupancy and operation of the Property; (iii) all plans and specifications for the construction of the Improvements, including, without limitation, installations of curbs, sidewalks, gutters, landscaping, utility connections and all fixtures and equipment necessary for the construction, operation and occupancy of the Improvements; (iv) all such other contracts and agreements (other than the Leases) from time to time executed by Borrower relating to the ownership, leasing, construction, maintenance, operation, occupancy or sale of the Property, together with all rights of Borrower to compel performance of the terms of such contracts and agreements; and (v) subject to the terms of the Loan Agreement, the Collateral Accounts (as defined in the Loan Agreement) and any funds in such Collateral Accounts from time to time (it being understood that at such time as Borrower shall withdraw any amounts from any Collateral Accounts in accordance with the provisions of the Loan Agreement, the same shall cease to constitute part of the Property);

(K) to the extent the same may be encumbered or assigned by Borrower pursuant to the terms thereof and to the extent permitted by law, all of Borrower's right, title and interest in, to and under credit card receivables, escrows, documents, instruments, and general intangibles, as the foregoing terms are defined in the UCC (as hereinafter defined), in any case which now or hereafter relate to, are derived from, or are used in connection with the Property, and all contract rights, franchises, books, records, plans, specifications, Licenses, actions and causes of action which now or hereafter relate to, are derived from or used in connection with the Property or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (collectively, the property described in the foregoing paragraphs (F), (G), (H), (I) and this paragraph (K), the INTANGIBLES); and

(L) all of Borrower's right, title and interest in all proceeds, both cash and noncash, of the foregoing which may be sold or otherwise be disposed of pursuant to the terms hereof.

UPON CONDITION that, if no Event of Default (as hereinafter defined) has occurred and is continuing, Borrower shall be permitted to possess and use the Property, and to use the rents, issues, profits, revenues and other income of the Property as provided in this Security Instrument, the Loan Agreement and the other Loan Documents (as hereinafter defined).

HABENDUM

TO HAVE AND TO HOLD THE PROPERTY hereby conveyed, or mentioned and intended so to be, whether now owned or held or hereafter acquired, subject only to the Permitted Encumbrances and the terms hereof, unto Lender, its successors and assigns, forever, upon the terms and conditions set forth herein and to secure the performance of, and compliance with, the obligations, covenants and conditions of this Security Instrument and the other Loan Documents all as herein set forth.

1. DEFINITIONS. Wherever used in this Security Instrument, the following terms, and the singular and plural thereof, shall have the following meanings. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement:

APPURTENANCES: Shall have the meaning provided in Granting Clause (D).

ASSIGNMENT OF LEASES: Shall have the meaning provided in the Recitals.

BLOOMBERG SNDA: Shall mean that certain Subordination, Non-Disturbance, Attornment Estoppel and Lease Modification Agreement, dated as of the date hereof, by and between Lender, Borrower and Bloomberg.

BORROWER: Shall have the meaning provided in the Introductory Paragraph.

BUILDING EQUIPMENT: Shall have the meaning provided in Granting Clause (E).

COMMERCIAL UNITS: Shall have the meaning provided in the Recitals.

CONDOMINIUM UNIT: Shall have the meaning provided in the Recitals.

CLOSING DATE: Shall mean the date of this Security Instrument.

EVENTS OF DEFAULT: Shall mean the occurrence of an "Event of Default" pursuant to the Loan Agreement or a default, beyond applicable notice and cure periods, in any other Loan Document.

IMPROVEMENTS: Shall have the meaning provided in Granting Clause (C).

INDEBTEDNESS: Shall have the meaning provided in Recitals.

INTANGIBLES: Shall have the meaning provided in Granting Clause (K).

LEASES: Shall have the meaning provided in Granting Clause (F).

LENDER: Shall have the meaning provided in the Recitals.

LICENSES: Shall mean all certifications, permits, licenses and approvals, including without limitation, liquor licenses, certificates of completion and occupancy permits required of Borrower for the legal use, occupancy and operation of the Property as a Class A office building as used, occupied and operated on the date hereof.

LOAN: Shall have the meaning provided in the Recitals.

LOAN AGREEMENT: Shall have the meaning provided in the Recitals.

NOTE: Shall have the meaning provided in the Recitals.

OFFICE UNIT 2: Shall have the meaning provided in the Condominium Documents.

PRINCIPAL AMOUNT: Shall have the meaning provided in the Recitals.

PROPERTY: Shall have the meaning provided in the recitals to the Granting Clause.

RENTS: Shall have the meaning provided in Granting Clause (F).

UPPER OPTION SPACE: Shall have the meaning provided in the Bloomberg Lease.

The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Instrument shall refer to this Security Instrument as a whole and not to any particular provision of this Security Instrument, and section, schedule and exhibit references are to this Security Instrument unless otherwise specified. The words "includes" and "including" are not limiting and mean "including without limitation."

In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

References to agreements and other documents shall be deemed to include all subsequent amendments and other modifications thereto executed in writing by all of the parties thereto and, if Lender's consent was required for the original of any such document, consented to by Lender. All references in this Security Instrument to the plural of any document described herein shall mean all of such documents collectively.

References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, or replacing the statute or regulation.

The captions and headings of this Security Instrument are for convenience of reference only and shall not affect the construction of this Security Instrument.

Borrower represents and warrants to, and covenants and agrees with, Lender as follows:

2. WARRANTY.

(a) **TITLE.** Borrower represents and warrants that Borrower owns good, and insurable fee simple title to the Commercial Units and good title to the balance of the Property, subject only to the Permitted Encumbrances. This Security Instrument, upon its due execution and proper recordation, is and will remain a valid and enforceable (and, with respect to all personalty as to which security interests are governed by Article 9 of the UCC (and the applicable definitions and cross referenced sections set forth in said Article), upon proper recordation and the filing of a financing statement and any necessary continuation statements required under the UCC) perfected first Lien on and security interest on Borrower's right, title and interest in and to Property subject to the Permitted Encumbrances.

(b) **ALL PROPERTY.** The Property constitutes all of the real property, personal property, equipment and fixtures currently (i) owned by Borrower or (ii) used in the operation of the business located on the Property, other than items owned by any Manager or Bloomberg.

(c) **ENFORCEABILITY OF SECURITY INSTRUMENT.** This Security Instrument is the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of equity or at law).

3. AFFIRMATIVE COVENANTS.

(a) **PAYMENT OF OBLIGATIONS.** Borrower shall promptly pay when due the principal of and interest on the Indebtedness and all other payment Obligations, all in lawful money of the United States of America in accordance with the Note, and shall further perform and in a timely manner all Obligations of Borrower. All sums payable by Borrower hereunder shall be paid without demand (unless otherwise provided hereunder or under the other Loan Documents), counterclaim (other than mandatory counterclaims), offset, deduction (except as required by law) or defense (other than the defense of payment). To the extent permitted by law, Borrower waives all rights now or hereafter conferred by statute or otherwise to any such demand (unless otherwise provided hereunder or under the other Loan Documents), counterclaim (other than mandatory counterclaims), setoff, deduction or defense (other than the defense of payment).

(b) **PERFORMANCE AND OBSERVANCE OF LOAN AGREEMENT COVENANTS.** Borrower will duly perform, observe and comply with all of the affirmative and negative covenants, agreements and obligations to be performed, observed and complied with by Borrower, and all of the other terms and conditions applicable to Borrower, under the terms of the Loan Agreement and any other Loan Document, as if each such covenant, agreement, obligation, term and condition were expressly set forth herein in full. Without limiting the generality of the foregoing, Borrower will maintain the Property, pay Impositions and Other Charges, obtain, pay and maintain insurance, keep the Property free of Liens (other than Permitted Encumbrances), pay the utility charges for the Property, perform alterations and repairs in respect of the Property, cause the Property to comply with all Legal Requirements, fund the Collateral Accounts, each to the extent required by the Loan Agreement, restore the Property upon any casualty or Taking, and lease the Property as permitted by the Loan Agreement and the Bloomberg Lease (for so long as such lease is in effect) all in accordance with and subject to all of the applicable terms and conditions of this Security Instrument, the Loan Agreement and the other Loan Documents.

(c) **INSURANCE.** Borrower shall, at its sole cost and expense, continuously keep and maintain insurance in respect of the Property and Borrower's operations thereat, of the type and in the form and with insurers, all to the extent provided in Section 6.1 of the Loan Agreement. All Proceeds to which Borrower may be entitled resulting from damage to or destruction of the Property or any part hereof by a casualty or a Taking shall be distributed and applied towards restoration of the Property or repayment of the Obligations in accordance with the provisions of Section 6.2 of the Loan Agreement.

(d) **MAINTENANCE OF VALIDITY AND RECORDING.**

(i) Borrower covenants that it will forthwith after the execution and delivery of this Security Instrument and thereafter as necessary from time to time cause this Security Instrument and the other Loan Documents and any continuation statement or similar instrument relating to any property subject thereto or to any property intended to be encumbered, granted, conveyed, transferred and assigned by this Security Instrument to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and to protect the validity thereof or the grant thereby of the property subject thereto and the interest and rights of Lender therein. Borrower covenants that it has paid or will pay or cause to be paid all taxes and fees incident to such filing, registration and recording, and all reasonable expenses incident to the preparation, execution and acknowledgment thereof, and of any instrument of further assurance, and all federal or state stamp taxes or other charges arising out of or in connection with the execution and delivery of such instruments.

(ii) Borrower shall maintain the validity, perfection, priority and effectiveness of this Security Instrument and the other Loan Documents. Unless otherwise permitted in this Security Instrument and the other Loan Documents,

Borrower will not take any action, will not permit action to be taken by others and will not omit to take any action, nor will Borrower give any notice, approval or consent or exercise, waive or modify any rights under or in respect of the Permitted Encumbrances, which action, omission, notice, approval, consent or exercise, waiver or modification of rights would release Borrower from, or reduce any of Borrower's obligations or liabilities under, or would result in the termination, surrender or assignment of, or the amendment or modification of, any of the Loan Documents, or would impair the validity of this Security Instrument or any of the other Loan Documents, or would affect the Property in any material adverse respect, without Lenders consent, and any attempt to do any of the foregoing without such consent shall be of no force and effect.

(iii) Borrower, at its expense, will execute, acknowledge and deliver all such instruments and take all such actions as Lender from time to time reasonably may request or as may be reasonably necessary or proper for the better assuring to Lender of the properties and rights now or hereafter subject to the Lien hereof or intended so to be.

4. **NEGATIVE COVENANTS.** Borrower covenants and agrees that, without Lender's prior written consent, Borrower shall not:

(a) incur, create or assume any Debt other than Permitted Debt or Transfer or lease all or any part of the Property or any interest therein, except as permitted in the Loan Agreement;

(b) make advances or make loans to any Person, or hold any investments, except as expressly permitted pursuant to the terms of this Security Instrument or any other Loan Document;

(c) partition the Property;

(d) commingle its assets with the assets of any of its Affiliates;

(e) guarantee any obligations of any Person; or

(f) Transfer any asset other than in the ordinary course of business except as permitted by the Loan Agreement .

5. **LICENSE TO COLLECT RENTS.** Lender and Borrower hereby confirm that for so long as no Event of Default shall have occurred and is continuing, Lender has granted to Borrower a revocable license to collect and use the Rents as they become due and payable in accordance with the provisions of the Loan Agreement and the Assignment of Leases; provided that the existence of such right shall not operate to subordinate the Assignment of Leases to any subsequent assignment, in whole or in part by Borrower, and any such subsequent assignment shall be subject to Lender's rights under this Security Instrument. Borrower further agrees to execute and deliver such assignments of Leases and Rents as Lender may from time to time reasonably request in order to better assure, transfer and confirm to Lender the rights intended to be granted to

Lender with respect thereto. In accordance with the provisions of the Assignment of Leases, upon the occurrence and during the continuance of an Event of Default Borrower agrees that, subject to applicable laws, Lender may, but shall not be obligated to, assume the management of the Property, and collect the Rents, applying the same upon the Obligations. Borrower hereby authorizes and directs all tenants, purchasers or other persons occupying, utilizing or acquiring any interest in any part of the Property to pay all Rents to Lender upon Lender's request. In the event Lender actually receives such Rents after an Event of Default, any application of the Rents by Lender shall not constitute a misappropriation of the Rents by Borrower pursuant to Section 18.1 of the Loan Agreement. Upon the occurrence and during the continuance of an Event of Default, Lender shall have and hereby expressly reserves the right and privilege (but assumes no obligation), to demand, collect, sue for, receive and recover the Rents, or any part thereof, now existing or hereafter made, and apply the same in accordance with this Security Instrument, the Assignment of Leases, and applicable law. The terms of this Section 5 are in all respects subject to the terms of Section 10(p) and Section 15(a) hereof.

6. SECURITY AGREEMENT. This Security Instrument constitutes a financing statement and, to the extent required under UCC 9-402(6) because portions of the Property may constitute fixtures, this Security Instrument is to be filed in the office where a mortgage for the Commercial Units would be recorded. Lender also shall be entitled to proceed against all or portions of the Property in accordance with the rights and remedies available under UCC 9-501(d). For the purposes of this Security Instrument, Borrower is deemed to be the Debtor, and Lender is deemed to be the Secured Party, as those terms are defined and used in the UCC. Borrower agrees that the Indebtedness and Obligations secured by this Security Instrument are further secured by security interests in all of Borrower's right, title and interest in and to fixtures, equipment, and other personal property covered by the UCC, if any, which are used upon, in, or about the Commercial Units or the Improvements (or any part thereof) or which are used by Borrower or any other person in connection with the Property. Borrower grants to Lender a valid and effective first priority security interest (subject to any Permitted Encumbrances) in all of Borrower's right, title and interest in and to such personal property (but only to the extent permitted in the case of leased personal property), together with all replacements, additions, and proceeds. Except for Permitted Encumbrances, Borrower agrees that, without the written consent of Lender, no other security interest will be created under the provisions of the UCC and no lease will be entered into with respect to any goods, fixtures, equipment, appliances, or articles of personal property now attached to or used or to be attached to or used in connection with the Property except as otherwise permitted hereunder or in any other Loan Document. Borrower agrees that all property of every nature and description covered by the Lien and charge of this Security Instrument together with all such property and interests covered by this security interest are encumbered as a unit, and upon and during the continuance of an Event of Default by Borrower, all of the Property, at Lender's option, may be foreclosed upon or sold in the same or different proceedings or at the same or different time, subject to the provisions of applicable law. The filing of any financing statement relating to any such property or rights or interests shall not be construed to diminish or alter any of Lender's rights of priorities under this Security Instrument.

7. LEASE SUBORDINATION AND ATTORNMENT.

(a) LEASES TO BE SUBORDINATE. All Modified Leases entered into by Borrower after the date hereof shall by their express terms be subject and subordinate to this Security Instrument, the Loan Agreement and each of the other Loan Documents (through a subordination provision contained in such Lease or otherwise) and shall provide that the Person holding any rights thereunder shall attorn to Lender or any other Person succeeding to the interests of Lender upon the exercise of its remedies hereunder or any transfer in lieu thereof on the terms set forth in this Security Instrument.

(b) ATTORNMENT. Subject to the terms of the Bloomberg SNDA (which shall supercede any conflicting provisions of this Section), each Modified Lease entered into from and after the date hereof shall provide that in the event of the enforcement by Lender of any remedy under the Loan Agreement or this Security Instrument, Bloomberg under such Lease shall, at the option of Lender or of any other Person succeeding to the interest of Lender as a result of such enforcement, attorn to Lender or to such Person and shall recognize Lender or such successor in the interest as lessor under such Lease without change in the provisions thereof; provided, however, Lender or such successor in interest shall not: (1) be liable for any previous act or omission of Borrower under the Bloomberg Lease except to the extent that such act or omission first arises under the Bloomberg Lease from and after the date that Successor-Landlord (as such term is defined in the Bloomberg Lease) succeeds to the interest of Borrower; (2) be subject to any off-set, credit, defense or counterclaim which shall have theretofore accrued to Bloomberg against Borrower; (3) be bound by

(a) any modification of the Bloomberg Lease entered into without Lender's consent after Bloomberg has, subject to the terms of Section 6 of the Bloomberg SNDA, received written notice of Lender's existence, address and relation to Borrower, or (b) any previous prepayment of rent or additional rent for more than one (1) month which Bloomberg might have paid to Borrower other than as required by the terms of the Bloomberg Lease; (4) be bound by any obligation to make any payments to Bloomberg except to the extent that such obligation first arises under the Bloomberg Lease from and after the date that Successor-Landlord succeeds to the interest of Borrower; and (5) be bound by any obligation to perform any work or to make improvements to the Commercial Units, except for (i) repairs and maintenance pursuant to the provisions of Articles 4, 5 and 6 of the Bloomberg Lease, the need for which repairs and maintenance first arises after the date upon which Lender is entitled to possession of the Commercial Units, (ii) repairs to the Commercial Units or any part thereof as a result of damage by fire or other casualty pursuant to Article 10 of the Bloomberg Lease, but only to the extent that such repairs can be reasonably made from the net proceeds of any insurance actually made available to Lender (with the understanding, however, that (I) nothing contained in this clause (ii) limits Bloomberg's rights to terminate the Bloomberg Lease after the occurrence of a fire or other casualty under Section 10.1(B) of the Bloomberg Lease, and (II) Lender shall have the right to avoid being so bound by Borrower's covenant to rebuild the Landlord Restoration Items (as such term

is defined in the Bloomberg Lease) after the occurrence of a fire or other casualty (regardless of the availability of insurance proceeds therefor) only by giving notice to Bloomberg of the election of Lender not to so rebuild earlier than the later to occur of (X) the date that Lender is required to give the Casualty Statement (as such term is defined in the Bloomberg Lease) for such fire or other casualty to Bloomberg, and (Y) the thirtieth (30th) day after the date that Lender succeeds to the interest of Borrower under the Bloomberg Lease), and (iii) repairs to the Commercial Units as a result of a partial condemnation pursuant to Article 11 of the Bloomberg Lease, but only to the extent that such repairs can be reasonably made from the net proceeds of any award made available to Lender (with the understanding that nothing contained in this clause (iii) shall limit Bloomberg's right to terminate the Bloomberg Lease after the occurrence of a complete or partial condemnation under Section 11.1 of the Bloomberg Lease). Bloomberg, upon the reasonable request by Lender or such successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

(c) NON-DISTURBANCE AGREEMENTS. Lender shall enter into, and, if required by applicable law to provide constructive notice or requested by Bloomberg or any tenant in Office Unit 2, record in the county where the subject Property is located, a subordination, attornment and non-disturbance agreement, in form and substance substantially similar to the form attached to the Loan Agreement as EXHIBIT F (a NON-DISTURBANCE AGREEMENT) with such commercially reasonable changes as may be required by a tenant that are reasonably acceptable to Lender, with any tenant of Office Unit 2 with respect to any leases or with Bloomberg regarding a Modified Lease for which Lender's prior written consent is required by Section 8.8 of the Loan Agreement within ten (10) Business Days after written request therefor by Borrower, provided that, except with respect to leases of Office Unit 2, such request is accompanied by an Officer's Certificate stating that such Lease complies in all material respects with Section 8.8 of the Loan Agreement. All reasonable third party costs and expenses incurred by Lender in connection with the negotiation, preparation, execution and delivery of any Non-Disturbance Agreement, including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower (in advance, if requested by Lender).

8. PROTECTION OF SECURITY; COSTS AND EXPENSES. Borrower shall appear in and defend any action or proceeding of which it has notice purporting to affect the security hereof or the rights or powers of Lender hereunder and shall pay all reasonable out of pocket costs and expenses actually incurred by Lender, including, without limitation, cost of evidence of title and reasonable attorneys' fees and disbursements, in any such action or proceeding, and in any suit brought by Lender to foreclose this Security Instrument or to enforce or establish any other rights or remedies of Lender hereunder upon the occurrence and during the continuance of an Event of Default. If an Event of Default occurs and is continuing under this Security Instrument or the Loan Agreement, or if any action or proceeding is commenced in which it becomes necessary to defend or uphold the Lien or priority of this Security Instrument or which adversely affects Lender or Lender's interest in the Property or any part thereof, including, without limitation, eminent domain, enforcement of, or proceedings of any nature whatsoever under any Legal Requirement affecting the Property or involving Borrower's bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, then Lender, upon reasonable notice to Borrower, may, but without obligation to do so and without releasing Borrower from any obligation hereunder, make such appearances, disburse such reasonable sums and take such action as Lender reasonably deems necessary or appropriate to protect Lender's interest in the Property, including, but not

limited to, disbursement of reasonable attorneys' fees, entry upon the Property to make repairs or take other action to protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the reasonable judgment of Lender appears to be prior or superior hereto; provided, however, that the foregoing shall be subject to Borrower's rights to contest under Section 7.3 of the Loan Agreement and, provided no Event of Default shall have occurred and is then continuing, Lender shall not pay or discharge any lien, encumbrance or charge being contested by Borrower in accordance with Section 7.3 of the Loan Agreement.

9. LENDER'S RIGHT TO PERFORM. Upon the occurrence and during the continuance of an Event of Default with respect to the performance of any of the Obligations contained herein, Lender may, without waiving or releasing Borrower from any Obligation or Default under this Security Instrument, but shall not be obligated to, at any time perform the Obligations giving rise to such Event of Default, and the cost thereof, with interest at the Default Rate from the date of payment by Lender to the date such amount is paid by Borrower, shall immediately be due from Borrower to Lender and the same shall be secured by this Security Instrument and shall be a Lien on the Property prior to any right, title to, interest in or claim upon the Property attaching subsequent to the Lien of this Security Instrument (subject to the provisions of Article VIII of the Loan Agreement). No payment or advance of money by Lender under this Section 9 shall be deemed or construed to cure Borrower's Event of Default or waive any right or remedy of Lender hereunder.

10. REMEDIES. Subject in all respects to the terms of Section 10(p) hereof, upon the occurrence and during the continuation of an Event of Default hereunder or the Loan Agreement, Lender may take such actions against Borrower, subject to Section 12 hereof, and/or against the Property or any portion thereof as Lender reasonably determines is necessary to protect and enforce its rights hereunder, without notice or demand except as set forth below or as required under applicable law. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Lender's determination of appropriate action may be based on an appropriate real estate or other consultant and/or counsel, and Lender may rely conclusively on such advice, but no such advice shall be binding on Borrower or shall increase or in any way modify or affect Borrower's rights hereunder or at law. Borrower shall pay such reasonable consultants' fees and reasonable attorneys' fees and expenses incurred by Lender pursuant to this Section 10. Such actions may include, without limitation, the following:

(a) ACCELERATION. Subject to any applicable provisions of the Note and the other Loan Documents, Lender may declare all or any portion of the unpaid principal balance under the Note, together with all accrued and unpaid interest thereon, and all other unpaid Indebtedness, to be immediately due and payable.

(b) ENTRY. Subject to the provisions and restrictions of applicable law and of the Bloomberg Lease, Lender, personally, or by its agents or attorneys, at Lender's election, may enter into and upon all or any part of the Property (including, but not limited to, the Commercial Units and Improvements and any part thereof), and may exclude Borrower, its agents and servants therefrom (but such entry shall be subject to any Non-Disturbance Agreements then in effect and the rights of tenants); and Lender, having and holding the same, may use, operate, manage and control the Property or any part thereof and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receiver. Upon every such entry, Lender may, at the reasonable expense of the Property and/or Borrower, from time to time, either by purchase, repair or construction, maintain and restore the Property or any part thereof, and may insure and reinsure the same in such amount and in such manner as may seem to them to be advisable. Similarly, from time to time, Lender may, at the expense of Borrower (which amounts may be disbursed by Lender from the Property on behalf of Borrower), except to the extent Bloomberg is required to cover such expense under the Bloomberg Lease, and, in any event, subject to the Bloomberg Lease, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements to and on the Property or any part thereof as it may seem advisable. Subject to the Bloomberg Lease, Lender or its designee shall also have the right to manage and operate the Property or any part thereof and to carry on the business thereof and exercise all rights and powers of Borrower with respect thereto, either in the name of Borrower or otherwise, as may seem to them to be advisable. In confirmation of the grant made in Granting Clause (F) hereof, in the case of the occurrence and continuation of an Event of Default, Lender shall be entitled to collect and receive all Rents to be applied in the order of priorities and amounts as shall be provided for in Section 11 hereof. Lender shall be liable to account only for Rents and other proceeds actually received by Lender.

(c) PHASE I ENVIRONMENTAL REPORT. Subject to the terms of Article 12 of the Loan Agreement, Lender may at its option obtain, in each instance, at Borrower's reasonable expense, a new phase I environmental report with respect to the Property, and such additional environmental studies as may be recommended in such phase I reports.

(d) FORECLOSURE.

(i) Lender, with or without entry, personally or by its agents or attorneys, insofar as applicable, and in addition to any and every other remedy, may (i) sell to the extent permitted by law and pursuant to the power of sale granted herein, all and singular, the Property, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales, as an entirety or in parcels, and at such times and places as required or permitted by law and as are customary in the county in which the Property is located and upon such terms as Lender may fix and specify in the notice of sale to be given to Borrower (and on such other notice published or otherwise given as provided by law), or as may be required by law; (ii) institute proceedings for the complete or partial foreclosure of this Security Instrument under the provisions of the laws of the jurisdiction or jurisdictions in which the Property or any part thereof is located,

or under any other applicable provision of law; or (iii) take all steps to protect and enforce the rights of Lender, whether by action, suit or proceeding in equity or at law (for the specific performance of any covenant, condition or agreement contained in this Security Instrument, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy), or otherwise, as Lender, being advised by counsel and its financial advisor, shall deem advisable to protect and enforce any of their rights or duties hereunder.

(ii) Lender may conduct any number of sales from time to time. The power of sale shall not be exhausted by any one or more such sales as to any part of the Property remaining unsold, but shall continue unimpaired until the entire Property shall have been sold.

(iii) Upon taking title to the Commercial Units and the Improvements (whether by foreclosure, deed in lieu or otherwise) by Lender or any other purchaser or assignee of the Commercial Units and the Improvements after an Event of Default, Borrower shall assign and transfer all of its right, title and interest in and to all other portions of the Property to Lender.

(e) SPECIFIC PERFORMANCE. Subject to Section 18.1 of the Loan Agreement, Lender, in its sole and absolute discretion, may institute an action, suit or proceeding at law or in equity for the specific performance of any covenant, condition or agreement contained herein or in the Note or any other Loan Document, or in aid of the execution of any power granted hereunder or for the enforcement of any other appropriate legal or equitable remedy.

(f) ENFORCEMENT OF NOTE. Subject to Section 18.1 of the Loan Agreement, and to the extent permitted under the provisions of applicable law, Lender may recover judgment on the Note (or any portion of the Indebtedness evidenced thereby), either before, during or after any proceedings for the foreclosure (or partial foreclosure) or enforcement of this Security Instrument.

(g) SALE OF PROPERTY

(i) Lender may postpone any sale of all or any part of the Property to be made under or by virtue of this Section 10 by public announcement at the time and place of such sale, or by publication, if required by law, and, from time to time, thereafter, may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement.

(ii) Upon the completion of any sale made by Lender under or by virtue of this Section 10, Lender shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds or other appropriate instruments, conveying, assigning and transferring all its estate, right, title and interest in and to the property and rights so sold. Borrower shall, nevertheless, if so requested in writing by Lender, ratify and confirm any such sale or sales by

executing and delivering to Lender or to such purchaser or purchasers all such instruments as may be advisable (which shall be subject to the limitations on recourse contained in Section 18 of the Loan Agreement), in the judgment of Lender, for such purposes and as may be designated in such request. Any such sale or sales made under or by virtue of this Section 10 shall operate to divest all the estate, right, title, interest, claim and demand, whether at law or in equity, of Borrower in and to the property and rights so sold, and shall be a perpetual bar, at law and in equity, against Borrower, its successors and assigns and any Person claiming through or under Borrower and its successors and assigns.

(iii) The receipt of Lender for the purchase money paid as a result of any such sale shall be a sufficient discharge therefor to any purchaser of the property or rights, or any part thereof, so sold. No such purchaser, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Security Instrument, or shall be answerable, in any manner, for any loss, misapplication or non-application of any such purchase money or any part thereof, nor shall any such purchaser be bound to inquire as to the authorization, necessity, expediency or regularity of such sale.

(iv) Upon any sale made under or by virtue of this Section 10, Lender may bid for and acquire the Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the Note secured by this Security Instrument the net proceeds of sale, after deducting therefrom the expense of the sale and the costs of the action and any other sums which Lender is authorized to deduct under this Security Instrument. The person making such sale shall accept such settlement without requiring the production of the Note or this Security Instrument, and there shall be deemed credited to the Indebtedness and Obligations under this Security Instrument the net proceeds of such sale. Lender, upon acquiring the Property or any part thereof, shall be entitled to own, hold, lease, rent, operate, manage or sell the same in any manner permitted by applicable laws.

(h) **VOLUNTARY APPEARANCE; RECEIVERS.** After the happening, and during the continuance of, any Event of Default hereunder or pursuant to the Loan Agreement, and promptly upon commencement of (i) any action, suit or other legal proceeding by Lender to obtain judgment for the principal and interest on the Note and any other sums required to be paid pursuant to this Security Instrument, or (ii) any action, suit or other legal proceeding by Lender of any other nature in aid of the enforcement of the Loan Documents or any of them, Borrower will (a) enter their voluntary appearance in such action, suit or proceeding, and (b) if required by Lender, consent to the appointment, of one or more receivers of the Property and all of the Rents. After the happening and during the continuance of any Event of Default, or upon the filing of a bill in equity to foreclose this Security Instrument or to enforce the specific performance hereof or in aid thereof, or upon the commencement of any other judicial proceeding to enforce any right of Lender, Lender shall be entitled, as a matter of right, if it shall so elect, without notice to any other party and without regard to the adequacy of the security

of the Property, forthwith, either before or after declaring the principal and interest on the Note to be due and payable, to the appointment of such a receiver or receivers. Any receiver or receivers so appointed shall have such powers as a court or courts shall confer, which may include, without limitation, any or all of the powers which Lender is authorized to exercise by the provisions of this Section 10, and shall have the right to incur such obligations and to issue such certificates therefor as the court shall authorize. Notwithstanding the foregoing, after the occurrence, and during the continuance of, any Event of Default hereunder or pursuant to the Loan Agreement, Lender as a matter of right may appoint or secure the appointment of a receiver, trustee, liquidator or similar official of the Property or any portion thereof, and Borrower hereby irrevocably consents and agrees to such appointment, without notice to Borrower and without regard to the value of the Property or adequacy of the security for the Indebtedness and without regard to the solvency of the Borrower or any other Person liable for the payment of the Indebtedness, and such receiver or other official shall have all rights and powers permitted by applicable law and such other rights and powers as the court making such appointment may confer, but the appointment of such receiver or other official shall not impair or in any manner prejudice the rights of Lender to receive the Rents pursuant to this Security Instrument or the Assignment of Leases.

(i) UCC REMEDIES. Lender may exercise any or all of the remedies granted to a secured party under the UCC, specifically including, without limitation, the right to recover the reasonable attorneys' fees and disbursements and other expenses incurred by Lender in the enforcement of this Security Instrument or in connection with Borrower's redemption of the Improvements or Building Equipment or Intangibles. Lender may exercise its rights under this Security Instrument independently of any other collateral or guaranty that Borrower may have granted or provided to Lender in order to secure payment and performance of the Obligations, and Lender shall be under no obligation or duty to foreclose or levy upon any other collateral given by Borrower to secure any Obligation or to proceed against any guarantor before enforcing its rights under this Security Instrument.

(j) LEASES. Lender may, at its option, before any proceeding for the foreclosure (or partial foreclosure) or enforcement of this Security Instrument, treat any Lease which is subordinate by its terms to the Lien of this Security Instrument (and with respect to which Non-Disturbance Agreement exists and is in full force and effect without any default on the part of the Tenant thereunder or under the Lease relating thereto beyond the expiration of applicable notice and cure periods), as either subordinate or superior to the Lien of this Security Instrument.

(k) OTHER RIGHTS. Lender may pursue against Borrower any other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents, subject to the provisions of Section 18.1 of the Loan Agreement.

(l) RETENTION OF POSSESSION. Notwithstanding the appointment of any receiver, liquidator or trustee of Borrower, or any of its property, or of the Property or any part thereof, Lender, to the extent permitted by law, shall be entitled to retain

possession and control of all property now or hereafter granted to or held by Lender under this Security Instrument.

(m) SUITS BY LENDER. All rights of action under this Security Instrument may be enforced by Lender without the possession of the Note and without the production thereof or this Security Instrument at any trial or other proceeding relative thereto, provided, however, Lender shall in any event be, and shall certify that it is, the current holder of the Note. Any such suit or proceeding instituted by Lender shall be brought in the name of Lender and any recovery of judgment shall be subject to the rights of Lender.

(n) REMEDIES CUMULATIVE. Subject to Section 18.1 of the Loan Agreement, no remedy herein (or pursuant to the Loan Agreement or any Loan Document) conferred upon or reserved to Lender shall exclude any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission of Lender to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given to Lender by this Security Instrument or any other Loan Document may be exercised from time to time and as often as Lender may deem expedient. Nothing in this Security Instrument shall affect Borrower's obligations to pay the principal of, and interest on, the Note in the manner and at the time and place expressed in the Note.

(o) WAIVER OF RIGHTS. Borrower agrees that, to the fullest extent permitted by law, it will not at any time, (1) insist upon, plead or claim or take any benefit or advantage of any stay, extension or moratorium law, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Security Instrument or any Loan Document, (2) claim, take or insist upon any benefit or advantage of any law, now or at any time hereafter in force, providing for valuation or appraisal of the Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction, or (3) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States or any State or otherwise to redeem the property and rights sold pursuant to such sale or sales or any part thereof. Borrower hereby expressly waives all benefits and advantages of such laws, and covenants, to the fullest extent permitted by law, not to hinder, delay or impede the execution of any power herein granted or delegated to Lender, but will suffer and permit the execution of every power as though no such laws had been made or enacted. Borrower for itself and all who may claim through or under it, waives, to the extent it lawfully may do so, any and all homestead rights and, any and all rights to reinstatement, any and all right to have the property comprising the Property marshaled upon any foreclosure of the Lien hereof.

(p) REMEDIES AGAINST OFFICE UNIT 2. Notwithstanding any term set forth herein or in any of the other Loan Documents, (i) Lender covenants not to complete a foreclosure or exercise any remedies with respect to with respect to Office Unit 2 unless

Borrower has defaulted in any of its obligations under Section 15 hereof and/or Section 13(h) (in a manner that relates to Office Unit 2) hereof (an OFFICE UNIT 2 DEFAULT) and (ii) subject to the terms of Section 15(a) hereof, prior to the occurrence and continuance of an Office Unit 2 Default, Borrower may collect and use all Rent payable with respect to Office Unit 2 without having to deposit (or causing to be deposited) any such Rent derived therefrom that is not attributable to the Bloomberg Lease into the Collection Account. Additionally, except with respect to (i) Borrower's strict compliance with the covenants imposed upon Borrower pursuant to the terms of Section 13(h) (in a manner that relates to Office Unit 2) and Section 15 hereof and (ii) Borrower's grant of the lien and security interest set forth herein to Lender in all its right, title and interest in and to the Property (including, without limitation, in and to Office Unit 2), Lender agrees that Borrower shall not be obligated to comply with any of the covenants imposed by the terms of the Loan Documents solely as such covenants relate to Office Unit 2 except that Borrower shall be required to comply with such covenants for any portion of Office Unit 2 that Borrower leases to Tenant pursuant to the terms of the Bloomberg Lease. Notwithstanding anything to the contrary set forth herein or in any of the other Loan Documents, any reference to the Property in the representations that Borrower makes as of the date hereof shall be deemed to be a reference only to Office Unit 1 (except to the extent such representations relate to (i) Borrower's ownership interests in Office Unit 2 and/or (ii) Lender's liens and security interests in Office Unit 2).

11. APPLICATION OF PROCEEDS.

(a) SALE PROCEEDS. The proceeds of any sale or foreclosure of the Property or any portion thereof shall be applied to the following in the following order of priority: (i) the payment of the costs and expenses of the foreclosure proceedings with respect to such Property (including reasonable counsel fees and disbursements actually incurred and advertising costs and expenses), liabilities and advances made or incurred under this Security Instrument or any Loan Document, and reasonable receivers' and trustees' fees and commissions and fees and expenses incurred by Lender, together with interest at the Default Rate to the extent payable, (ii) payment of any other sums advanced by Lender (or any advancing agent on its behalf) in accordance with the terms hereof and not repaid to it by Borrower, together with interest at the Default Rate to the extent payable, (iii) payment of all sums due under the Note and the Loan Documents in such order and priority as Lender shall elect in its sole and absolute discretion; and (iv) payment of any remaining Obligations and

(v) any surplus to Borrower or other party legally entitled thereto.

(b) OTHER PROCEEDS. All other proceeds or other amounts collected by Lender following an Event of Default shall be applied (1) first, to reimburse any reasonable expenses related to such collection, and (2) thereafter, as provided in Section 11(a) hereof.

12. ASSIGNMENT OF CONDOMINIUM RIGHTS.

(a) This Article constitutes a present, absolute, effective, irrevocable and completed assignment by Borrower to Lender of all of Borrower's right, title and interest in and to the Condominium Declaration and any and all rights, remedies and powers of Borrower thereunder, including, but not limited to the right to exercise any voting rights under the Condominium Declaration, the rights under Section 6.3.4 of the By-Laws and the right to appoint members of the board of trustees (collectively, the CONDOMINIUM RIGHTS); it being intended by Borrower that this assignment constitutes a

present, absolute assignment and not an assignment for additional security only. Subject to the terms of Section 12(c) hereof, Lender hereby assumes all of Borrower's right, title and interest in and to the Condominium Declaration and the rights to exercise the Condominium Rights. Nevertheless, subject to the terms of the Proxy, Lender grants to Borrower a revocable license to exercise the Condominium Rights, subject, however, to compliance with the provisions of this Security Instrument and the other Loan Documents.

(b) During the continuance of an Event of Default, a casualty and/or condemnation, the license granted in Section 12(a) above shall, to the extent permitted by law, immediately cease and terminate, without waiver of such Event of Default, with or without notice, and without any action or proceeding or the intervention of a receiver appointed by a court, and Lender or an agent or receiver appointed by Lender may, to the extent permitted by law, without regard for the adequacy of the security for the Obligations, the commission of waste or the solvency of Borrower, without limiting any of the Lender's rights and remedies under any of the Loan Documents or otherwise available at law or in equity and subject to applicable statutory requirements, if any, immediately be entitled to exercise all of the Condominium Rights, whether or not Lender enters upon or takes control of the Property.

(c) Until such time as Lender has taken actual possession and title of the Property, this Article shall not be construed to bind Lender to the performance of any of the covenants, conditions or provisions contained in the Condominium Declaration, the By-Laws or otherwise impose any obligation upon Lender. From and after the date Lender has taken actual possession and title of the Property, any liability imposed upon Lender with respect to the Condominium Declaration shall be limited in all respects to its then current interest in the Property. Nothing in this Article shall be construed as constituting Lender a "mortgagee in possession" in the absence of the taking of actual possession and title of the Property by Lender or any of its agents.

(d) In addition to any other rights Lender may be granted pursuant to this Article and notwithstanding anything to the contrary contained in this Article, Lender shall be a Permitted Mortgagee (as such term is defined in the Condominium Declaration) for all purposes under the Condominium Declaration and By-Laws and shall be entitled to exercise any and all rights granted therein to a Permitted Mortgagee.

(e) Notwithstanding anything to the contrary contained herein, Borrower hereby grants to Lender an irrevocable proxy and power of attorney, coupled with an interest, to be used by Lender, in its sole and absolute discretion, in connection with any vote or solicitation of consents of the Unit Owners (as such term is defined in the Bloomberg Lease) for the purpose of resolving whether to proceed with the repair or restoration of the Building as provided in Section 6.3.4 of the By-Laws.

13. MISCELLANEOUS.

(A) CERTAIN WAIVERS. TO INDUCE LENDER TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THE NOTE AND THIS SECURITY INSTRUMENT, AND FOR OTHER GOOD AND

VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, EACH OF LENDER, BORROWER AND EACH SPE ENTITY EXPRESSLY AND IRREVOCABLY HEREBY, IN ADDITION TO AND NOT IN DEROGATION OF ALL OTHER WAIVERS CONTAINED IN THE NOTE, THIS SECURITY INSTRUMENT AND THE OTHER LOAN DOCUMENTS, WAIVE AND SHALL WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY, OR COUNTERCLAIM ASSERTED BY LENDER, BORROWER OR ANY SPE ENTITY WHICH ACTION, PROCEEDING OR COUNTERCLAIM ARISES OUT OF OR IS CONNECTED WITH THIS SECURITY INSTRUMENT, THE NOTE OR ANY OTHER LOAN DOCUMENT.

(b) NOTICES. Any notice, election, request, demand, report or statement which by any provision of this Security Instrument is required or permitted to be given or served hereunder shall be in writing and shall be given or served in the manner and to the Persons required by Section 19.6 of the Loan Agreement.

(c) NO ORAL MODIFICATION. This Security Instrument may not be waived, altered, amended, modified, changed, discharged or terminated orally but only by a written agreement signed by the party against which enforcement is sought.

(d) PARTIAL INVALIDITY. In the event any one or more of the provisions contained in this Security Instrument shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but each shall be construed as if such invalid, illegal or unenforceable provision had never been included hereunder.

(e) SUCCESSORS AND ASSIGNS. All covenants of Borrower contained in this Security Instrument are imposed solely and exclusively for the benefit of Lender and its successors and assigns, and no other Person shall have standing to require compliance with such covenants or be deemed, under any circumstances, to be a beneficiary of such covenants, any or all of which may be freely waived in whole or in part by Lender at any time if in its sole discretion it deems it advisable to do so. All such covenants of Borrower shall run with the land and bind Borrower, the successors and assigns of Borrower (and each of them) and all subsequent owners, encumbrances and Tenants of the Property, and shall inure to the benefit of Lender, its successors and assigns.

(f) GOVERNING LAW.

(i) THIS SECURITY INSTRUMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY INSTRUMENT AND

THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS SECURITY INSTRUMENT AND THE NOTE. THIS SECURITY INSTRUMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(ii) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO SECURITY INSTRUMENT SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER AND LENDER WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND LENDER AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT:

**CORPORATION SERVICE COMPANY
80 STATE STREET
ALBANY, NEW YORK 12207 2543**

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREE THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS) , AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF

ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

(g) **NO WAIVER.** No failure by Lender to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such term or right, power or remedy or of any such breach. No waiver of any breach shall affect or alter this Security Instrument, which shall continue in full force and effect, or shall affect or alter the rights of Lender with respect to any other then existing or subsequent breach.

(h) **FURTHER ASSURANCES.** Borrower, at its own expense, will execute, acknowledge and deliver all such reasonable further documents or instruments including, without limitation, (i) security agreements on any building equipment included or to be included in the Property, and (ii) such other documents as Lender from time to time may reasonably request to better assure, transfer and confirm unto Lender the rights now or hereafter intended to be granted to Lender under this Security Instrument or the other Loan Documents. Borrower shall notify Lender in writing no less than thirty (30) days prior to a change of address.

(i) **COUNTERPARTS.** This Security Instrument may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

(j) **MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS OF LENDER.** Any Person into which Lender may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which Lender shall be a party, or any Person succeeding to all or substantially all the business of Lender, shall be the successor of Lender hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

(k) **NO ENDORSEMENT.** Lender shall not become or be considered to be an endorser, co-maker or co-obligor on the Note or on any other Obligation of Borrower secured by this Security Instrument or otherwise.

(l) **NON-RECOURSE.** Recourse with respect to any claims arising under or in connection with this Security Instrument shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Security Instrument.

14. STATE LAW PROVISIONS

Notwithstanding anything to the contrary elsewhere in this Security Instrument:

(a) **MAXIMUM PRINCIPAL SUM.** THE PARTIES HERETO INTEND THAT THIS SECURITY INSTRUMENT SHALL SECURE UNPAID

BALANCES OF THE INDEBTEDNESS SECURED HEREBY WHETHER INCURRED BY BORROWER AT THE DATE HEREOF OR AFTER THIS SECURITY INSTRUMENT IS DELIVERED FOR RECORDATION IN THE OFFICIAL RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED. THE MAXIMUM PRINCIPAL AMOUNT OF INDEBTEDNESS WHICH IS OR UNDER ANY CONTINGENCY MAY BE SECURED AT THE DATE OF EXECUTION HEREOF OR AT ANY TIME THEREAFTER BY THIS SECURITY INSTRUMENT IS \$400,000,000.

(b) Trust Fund for Advances. That in compliance with Section 13 of the Lien Law of the State of New York, the Borrower will receive the advances secured by this Security Instrument and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the building(s) and other improvements located on the Property before using any part of the total of the same for any other purpose. Borrower will indemnify and hold Lender harmless against any loss, liability, cost or expense, including any judgments, attorneys' fees, costs of appeal bonds or printing costs, arising out of or relating to any proceedings instituted by any claimant alleging a violation by the Borrower of Article 3-A of the New York Lien Law.

(c) New York Real Property Law Article 4-A. If this Security Instrument shall be deemed to constitute a "mortgage investment" as defined by New York Real Property Law Section 125, then this Security Instrument shall and hereby does (i) confer upon the Lender the powers and (ii) impose upon the Lender the duties of trustees set forth in New York Real Property Law Section 126.

(d) Statement in Accordance with Section 253.1a(a) of the New York Tax Law. This Security Instrument does not cover real property principally improved or to be improved by one or more structures containing in the aggregate not more than six (6) residential dwelling units, each having separate cooking facilities.

(e) Statement in Accordance with Section 274-a of the New York Real Property Law. The Lender shall, within fifteen (15) days after written request, provide the Borrower with the statement required by Section 274-a of the New York Real Property Law.

(f) Section 291-f of New York Real Property Law. Lender shall have all of the rights set forth in Section 291-f of the Real Property Law of New York. For purposes of Section 291-f of the New York Real Property Law, all existing tenants and every tenant or subtenant who after the recording of this Security Instrument, enters into a Lease upon the premises of any of the Property or who acquires by instrument of assignment or by operation of law a leasehold estate upon the Property is hereby notified that Borrower shall not, without obtaining Lender's prior consent in each instance, cancel, abridge or otherwise modify any Leases or accept prepayments for more than thirty (30) days of installments of rent to become due with respect to any Lease thereof having an unexpired term on the date of this Security Instrument of five (5) years or more, except as expressly permitted under the Loan Agreement and the Bloomberg SNDA, and that any such cancellation, abridgement, modification or prepayment made by any such tenant or

subtenant without either being expressly permitted under this Security Instrument or receiving Lender's prior consent shall be voidable by Lender at its option.

(g) Sections 254, 271, 272 and 291-f of New York Real Property Law. All covenants of the Borrower herein contained shall be construed, to the extent not inconsistent with the terms of this Security Instrument, as affording to Lender rights additional to and not exclusive of the rights conferred under the provisions of Sections 254, 271, 272 and 291-f of the Real Property Law of New York.

(h) Real Property Law. Sections 3(c) hereof and Article VI of the Loan Agreement shall be construed according to subdivision 4 of Section 254 of the New York Real Property Law as amended by Chapter 886 of the Laws of 1945 but not as amended by Chapter 830 of the Laws of 1965 or as otherwise thereafter amended.

(i) RPAPL. If an Event of Default shall occur and be continuing, Lender may elect to sell (and, in the case of any default of any purchaser, resell) the Property or any part thereof by exercise of the power of foreclosure or of sale granted to Lender by Articles 13 or 14 of the New York Real Property Actions and Proceedings Law (the RPAPL). In such case, Lender may commence a civil action to foreclose this Security Instrument pursuant to Article 13 of the RPAPL, or it may proceed and sell the Property pursuant to Article 14 of the RPAPL to satisfy the Note and all other amounts secured hereby.

15. UPPER OPTION SPACE RESTRICTIONS AND AGREEMENTS

(a) Lease of Option Space to Bloomberg. Notwithstanding anything to the contrary set forth herein, including, without limitation, the terms of Section 10(p) hereof, if Borrower leases any Upper Option Space to Bloomberg under the Bloomberg Lease, (i) all rents, issue and profits received by Borrower from Bloomberg with respect to such Upper Option space shall constitute Rent hereunder and shall be deposited directly into the Collection Account to be applied in accordance with the terms of the Loan Documents and (ii) Borrower shall cause the Condominium Documents to be amended to transfer such space from Office Unit 2 to the Condominium Unit in a manner reasonably satisfactory to Lender.

(b) Conditions Precedent to Transfer of Upper Option Space: Borrower agrees that it may not Transfer (other than leasing in strict accordance with the terms of Section 15(c) hereof) all or any portion of its interest in the Upper Option Space until Lender delivers to Borrower an instrument in recordable form releasing the lien of this Security Instrument with respect to the Upper Option Space (or if applicable, a partial lien release with respect to a release of the portion of the Upper Option Space subject to the Transfer). Lender will deliver any such release within ten (10) Business Days after the occurrence of a Release Event with respect to the Upper Option Space (or portion thereof subject to the Transfer). A RELEASE EVENT shall mean the occurrence of the following:

(i) (x) Borrower (together with Bloomberg) shall enter into a severance agreement with respect to the Bloomberg Lease in a manner reasonably satisfactory to Lender to exclude the Upper Option Space (or the applicable portion thereof subject to

the Transfer with respect to which Bloomberg has exercised its option) and a separate and distinct lease for such space that is not cross-defaulted nor cross-collateralized with the Bloomberg Lease shall be entered into between Bloomberg, as lessee and a separate bankruptcy remote single purpose entity (which may be an Affiliate of Borrower), as lessor (and in connection with which a separate condominium unit comprising such space is conveyed to such separate entity) or (y) Bloomberg forever waives or relinquishes in writing (a copy of which must be delivered to Lender) its right to lease the applicable Upper Option Space (or portion thereof subject to the Transfer) pursuant to the Bloomberg Lease, (ii) Borrower provides at least thirty (30) days prior written notice of such Transfer to Lender and (iii) Borrower complies with the terms of Section 15(e) hereof and takes (or causes to be taken) all other actions reasonably requested by Lender in connection with the foregoing, including without limitation, obtaining and delivering to Lender evidence reasonably satisfactory to Lender confirming Lender's lien on the remaining portions of the Property, and executes and delivers to Lender any and all modifications or confirmatory amendments to the Loan Documents reasonably required by Lender to effectuate the terms of this Section (all at Borrower's sole cost and expense).

(c) Lease of Upper Option Space to Parties other than Bloomberg:

Without in any way limiting the terms of Section 15(b) hereof, Borrower agrees that if Bloomberg shall at any time (ie. after the initial leasing in accordance with the terms of Article 36 of the Bloomberg Lease) have the right pursuant to the terms of the Bloomberg Lease to lease all or any portion of the Upper Option Space that has not been released pursuant to a Release Event in accordance with the terms of Section 15(b) hereof (the APPLICABLE SPACE) (i) to provide written notice thereof to Lender and (ii) prior to the earlier of (x) the date Bloomberg waives or relinquishes in writing its right forever to lease such space (a copy of which must be delivered to Lender by Borrower) in accordance with the terms of Article 36 of the Bloomberg Lease or (y) the time period available to Bloomberg to exercise such rights has lapsed in accordance with the terms of Article 36 of the Bloomberg Lease, Borrower may not lease any portion of such space to any other person (the occurrence of any event in foregoing clause (x) or (y), an OPTION TERMINATION EVENT). At least ten (10) days prior to leasing any Applicable Space to a party other than Bloomberg, Borrower must first deliver a certificate (the CERTIFICATE) to Lender confirming (i) that Bloomberg has been given written notice of its right to lease such space (a copy of which shall be attached to the Certificate) to the extent Bloomberg is entitled thereto under the Bloomberg Lease and (ii) that an Option Termination Event has occurred (together with reasonable back-up documentation evidencing or describing the Option Termination Event). Notwithstanding the applicability of this Section 15(c), Borrower agrees that in no event shall any Transfer (except leasing in strict accordance with the terms of this Section) of any Upper Option Space occur until Lender delivers a lien release with respect to such Option Space in accordance with the terms of Section 15(b) hereof.

(d) Lender's Ability to Cure Defaults: Lender shall have the right, but not the obligation, to cure any default in the obligations of Borrower to Bloomberg with respect to all or any portion of the Upper Option Space and has not been released pursuant to a Release Event in accordance with the terms of Section 15(b) hereof. Borrower hereby irrevocably constitutes and appoints Lender as its true and lawful

attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments and to exercise and enforce every right, power, remedy, option and privilege of Borrower with respect to such Upper Option Space, and do in the name, place and stead of Borrower, all such acts, things and deeds for and on behalf of and in the name of Borrower, which Borrower could or might do or which Lender may deem necessary or desirable to more fully vest in Lender the rights and remedies provided for in this Section 15(d) and/or Section 10(p) herein and to accomplish the purposes of this Section 15(d) and/or Section 10(p) herein. The foregoing powers of attorney are irrevocable and coupled with an interest. Upon the occurrence and during the continuance of any default by Borrower with respect to any such Upper Option Space, Lender may perform or cause performance of any such agreement, and Borrower agrees that any expenses of Lender incurred in connection therewith shall be paid by Borrower.

(e) Section 15 Costs and Expenses: All reasonable costs and expenses incurred to effectuate any of the terms of this Section 15 shall be promptly paid by Borrower (and in advance if requested by Lender), including, without limitation, Lender's reasonable costs and expenses (including reasonable attorney's fees and disbursements).

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Security Instrument has been duly executed by Borrower and Lender on the date first hereinabove written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION,
a Maryland corporation

By: /s/ Christopher Tognola

Name: Christopher Tognola
Title: Vice President

By: /s/ Thomas R. Traynor

Name: Thomas R. Traynor
Title: Authorized Signatory

Mortgage Execution

EXHIBIT A

(Office Unit 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

EXHIBIT A-2

((Office Unit 2))

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

SCHEDULE 1

EXISTING NOTES

1. Consolidated, Amended and Restated Supplemental Loan Note (No. 3) in the original principal amount of \$22,940,962, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
2. Consolidated, Amended and Restated Project Loan Note (No. 3) in the original principal amount of \$15,587,546, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
3. Substitute Subordinate Building Loan Note in the original principal amount of \$125,000,000, dated February __, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
4. Substitute Mortgage Note C (No. 3) in the original principal amount of \$236,471,492, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.

Schedule 1-1

SCHEDULE 2

MORTGAGE SCHEDULE

1. Mortgage, Assignment of Leases and Security Agreement made by Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. to First Fidelity Bank (NA) in the amount of \$30,000,000.00, dated as of 3/15/1995 and recorded on 3/20/1995 in Reel 2192 Page 1291, which mortgage was modified by virtue of a Mortgage Modification and Extension Agreement made between Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. and First Union National Bank (formerly known as Fidelity Bank, N.A.) dated as of 3/15/1998 and recorded on 2/16/1999 in Reel 2819 Page 1988; which Mortgage was modified and severed by that certain Note and Mortgage Modification and Severance Agreement made between Alexander's of Fordham Road Inc., Alexander's of Third Avenue Inc., Alexander's Rego Park Center, Inc. Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's of Brooklyn, Inc., Alexander's Department Stores of New Jersey Inc. and First Union National Bank (formerly known as Fidelity Bank, National Association) dated as of 6/18/1998 and recorded on 9/10/1998 in Reel 2703 Page 1797, which Agreement severed Mortgage No. 1 into two separate liens as follows:

Substitute Note A in the amount of \$10,000,000.00, which was secured by a Mortgage on premises in Kings County only (does not affect premises insured herein) and

Substitute Note B in the area of \$20,000,000.00, secured by Mortgage No. 1 above, and which Mortgage was modified by virtue of Mortgage Modification and Extension Agreement made by Alexander's of Fordham Road Inc., Alexander's Inc., Alexander's of Third Avenue Inc., Alexander's Rego Park Center, Inc. Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's of Brooklyn, Inc., Alexander's Department Stores of New Jersey Inc. and First Union National Bank (formerly known as Fidelity Bank, National Association) dated as of 3/29/1999 and recorded on 4/20/1999 in Reel 2859 Page 174, and which Mortgage was further modified by virtue of a Mortgage Modification and Extension Agreement made between Alexander's of Fordham Road Inc., Alexander's Inc., Alexander's of Third Avenue Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's Department Stores of New Jersey Inc. and First Union National Bank (formerly known as Fidelity Bank, National Association) dated as of 4/14/2000 and recorded on 4/3/2001 in Reel 3265 Page 1882, and which Mortgage was further modified by a Mortgage Modification and Extension Agreement made between Alexander's Inc., Alexander's of Third Avenue Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III,

Schedule 2-1

Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's Department Stores of New Jersey Inc. and First Union National Bank (formerly known as Fidelity Bank, National Association) dated as of 4/27/2001 and recorded on 5/21/2001 in Reel 3291 Page 1269, and which Mortgage was further modified by a Mortgage Modification and Extension Agreement made between Alexander's Inc., Alexander's of Third Avenue Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., 59th Street Corporation and First Union National Bank (formerly known as Fidelity Bank, National Association) dated as of 3/15/2002 and recorded on 6/24/2002 in Reel 3545 Page 2045, which Mortgage was assigned by Assignment of Mortgage made by Wachovia Bank, National Association (f/k/a First Union National Bank, f/k/a as Fidelity Bank, National Association) to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, dated 6/24/2002 and recorded on 9/25/2002 in Reel 3617 Page 2001.

2. Mortgage made by Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. to Vornado Lending Corp. in the amount of \$45,000,000.00, dated as of 3/15/1995 and recorded on 3/20/1995 in Reel 2193 Page 966, which Mortgage was modified by Mortgage Modification and Extension Agreement made between Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. and Vornado Lending LLC (formerly known as Vornado Lending Corp.), dated as of 3/15/1998 and recorded on 2/16/1999 in Reel 2819 Page 1998, and which Mortgage was further modified by a Second Mortgage Modification and Extension Agreement made between Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. and Vornado Lending LLC (formerly known as Vornado Lending Corp.), dated as of 3/29/1999 and recorded on 4/20/1999 in Reel 2859 Page 251, and which Mortgage was further modified by a Third Mortgage Modification and Extension Agreement made between Seven Thirty One Limited Partnership and Alexander's Department Stores of Lexington Avenue, Inc. and Vornado Lending LLC (formerly known as Vornado Lending Corp.), dated as of 3/15/2000 and recorded on 1/11/2001 in Reel 3220 Page 2176, and which Mortgage was assigned by Assignment of Mortgage made by Vornado Lending LLC (formerly known as Vornado Lending Corp.), to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, dated 6/24/2002 and recorded on 9/25/2002 in Reel 3617 Page 2007.

3. Gap Mortgage made by 731 Commercial LLC and 731 Residential LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, in the sum of \$500,000.00 dated 7/3/2002 and recorded on 9/25/2002 in Reel 3617 Page 2013, which Mortgage was consolidated with Mortgages 1 and 2 to form a single lien of \$55,500,000.00 by virtue of a Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement (Series No. 1) made by 731 Commercial LLC and 731 Residential

Schedule 2-2

LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, dated 7/3/2002 and recorded on 9/25/2002 in Reel 3617 Page 2024.

4. Mortgage made by 731 Commercial LLC and 731 Residential LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, in the amount of \$159,500,000.00 dated as of 3/5/2003 and recorded on 5/1/2003 under CRFN 2003000112521, which Mortgage was consolidated with Mortgages 1, 2 and 3 above to form a single lien of \$215,000,000.00 by virtue of a Consolidated, Amended and Restated Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement made by 731 Commercial LLC and 731 Residential LLC and Bayerische Hypo-Und Vereinsbank, AG, New York Branch as Agent, dated as of 3/5/2003 and recorded on 5/1/2003 under CRFN 20030001132522, which Mortgage was severed by Note and Mortgage Modification and Severance Agreement dated February __, 2004 made by and between 731 Commercial LLC, 731 Residential LLC and Hypo Real Estate Capital Corporation and being tendered for recording with said Register's Office, which severs and splits said Mortgage into 2 liens as follows:

\$90,000,000.00, which does not affect the premises herein and

\$125,000,000.00 affecting the premises herein as evidenced by that certain Substitute Subordinate Building Loan Mortgage dated as of February __, 2004 by and between 731 Commercial LLC and 731 Residential LLC and Hypo Real Estate Capital Corporation, and being tendered for recording with said Register's Office, which was assigned by Assignment of Substitute Subordinate Building Loan Mortgage dated February __, 2004, from Hypo Real Estate Capital Corporation to German American Capital Corporation, and being tendered for recording with said Register's Office.

5. Substitute Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 1) made by 731 Commercial LLC and 731 Residential LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as lender (Hypo #1) in the amount of \$2,265,962.00, dated as of 11/26/2003 and being tendered for recording with the Office of the City Register, New York County, which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 1) dated as of 11/26/2003 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Mortgage made by Bayerische Hypo-Und Vereinsbank, AG, New York Branch as lender (Hypo #1) to Bayerische Hypo-Und Vereinsbank, AG, New York Branch as agent for itself and other co-lenders, dated as of 11/26/2003 and being tendered for recording with said Register's Office, which Mortgage was modified by an Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 1) made between 731 Commercial LLC and 731 Residential LLC and Bayerische Hypo-Und Vereinsbank, AG, New York Branch as agent for itself and other co-lenders, dated as of 11/26/2003 and being tendered for recording with said Register's

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Office, and which Mortgage was assigned by a certain Assignment of Mortgage made by Bayerische Hypo-Und Vereinsbank, AG, New York Branch as agent to Hypo Real Estate Capital Corporation, dated as of 12/4/2003 and being tendered for recording with said Register's Office.

6. Substitute Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 2) made by 731 Commercial LLC and 731 Residential LLC to Hypo Real Estate Capital Corporation, as agent, in the amount of \$9,375,000.00 dated as of 12/29/2003 and being tendered for recording with said Register's Office which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 2) dated as of 12/29/2003 and being tendered for recording with said Register's Office, which Mortgage was consolidated with Mortgage 5 above to form a single lien of \$11,640,962.00 by virtue of a Consolidated, Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 2) made between 731 Commercial LLC and 731 Residential LLC and Hypo Real Estate Capital Corporation, as agent, dated as of 12/29/2003 and being tendered for recording with said Register's Office.

7. Substitute Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3) made by 731 Commercial LLC and 731 Residential LLC to Hypo Real Estate Capital Corporation, as agent, in the amount of \$11,300,000.00 dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 3) dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was consolidated with Mortgages 5 and 6 to form a single lien of \$22,940,962.00 by virtue of Consolidated, Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3) made by 731 Commercial LLC and 731 Residential LLC and Hypo Real Estate Capital Corporation, as agent, dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Consolidated, Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3) made by Hypo Real Estate Capital Corporation, as agent, to German American Capital Corporation dated as of February __, 2004 and to be recorded in the Office of the City Register, New York County.

8. Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement made by 731 Commercial LLC and 731 Residential LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch, in the amount of \$10,000,000.00 dated as of 3/5/2003 and recorded on 5/1/2003 under CRFN 2003000112524.

9. Substitute Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 1) made by 731 Commercial LLC and 731 Residential

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LLC to Bayerische Hypo-Und Vereinsbank, AG, New York Branch, in the amount of \$702,546.00 dated as of 11/26/2003 and being tendered for recording with said Register's Office which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 1) dated as of 11/26/2003 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Mortgage made by Bayerische Hypo-Und Vereinsbank, AG, New York Branch, to Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as agent, dated as of 11/26/2003 and being tendered for recording with said Register's Office, which Mortgage was consolidated with Mortgage 8 above to form a single lien of \$10,702,546.00, which Mortgage was assigned by virtue of an Consolidated, Amended and Restated Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement made between 731 Commercial LLC and 731 Residential LLC and Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as agent, dated as of 11/26/2003 and being tendered for recording with said Register's Office, which Mortgages were assigned by virtue of an Assignment of Mortgage made by Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as agent, to Hypo Real Estate Capital Corporation, dated as of 12/4/2003 and being tendered for recording with said Register's Office.

10. Substitute Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 2) made by 731 Commercial LLC and 731 Residential LLC to Hypo Real Estate Capital Corporation, in the amount of \$3,555,000.00, dated as of 12/29/2003 and being tendered for recording with said Register's Office, which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 2) dated as of 12/29/2003 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Mortgage made by Hypo Real Estate Capital Corporation to Hypo Real Estate Capital Corporation, as agent, dated as of 12/29/2003 and being tendered for recording with said Register's Office, which Mortgage was consolidated with Mortgages 8 and 9 above to form a single lien of \$14,257,546.00 by virtue of a Consolidated, Amended and Restated Supplemental Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 2) made between 731 Commercial LLC and 731 Residential LLC and Hypo Real Estate Capital Corporation, as agent, dated as of 12/29/2003 and being tendered for recording with said Register's Office.

11. Substitute Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No. 3) made by 731 Commercial LLC and 731 Residential LLC to Hypo Real Estate Capital Corporation, in the amount of \$1,330,000.00 dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was created by the Note and Mortgage Modification and Severance Agreement (No. 3) dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Mortgage made by Hypo Real Estate Capital Corporation to Hypo Real Estate Capital Corporation, as agent, dated as of 12/29/2003 and being

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tendered for recording with said Register's Office, which Mortgage was consolidated with Mortgages 8, 9 and 10 to form a single lien of \$15,587,546.00 by virtue of a Consolidated, Amended and Restated Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (No.

3) made between 731 Commercial LLC and 731 Residential LLC and Hypo Real Estate Capital Corporation, as agent, dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage is being assigned by Assignment of Consolidated, Amended and Restated Project Loan Mortgage dated February __, 2004 from Hypo Real Estate Capital Corporation, as agent, to German American Capital Corporation, and being tendered for recording with said Register's Office.

12. Substitute Mortgage, Assignment of Leases and Rents and Security Agreement C (No. 3) made by 731 Commercial LLC and 731 Residential LLC to Hypo Real Estate Capital Corporation, in the amount of \$236,471,492.00 dated as of 1/28/2004 and being tendered for recording with said Register's Office, which Mortgage was assigned by virtue of an Assignment of Mortgage made by Hypo Real Estate Capital Corporation, to German American Capital Corporation dated as of February __, 2004 and being tendered for recording in said Register's Office, which Mortgage was consolidated with Mortgages 1 through 11 to form a single lien of \$400,000,000.00 by Amended, Restated and Consolidate Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits dated February __, 2004 made by 731 Office One LLC and German American Capital Corporation and being tendered for recording with said Register's Office.

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AMENDED, RESTATED AND CONSOLIDATED NOTE

New York, New York
\$400,000,000 February 13, 2004

AMENDED, RESTATED AND CONSOLIDATED NOTE, dated as of February 13, 2004 (this NOTE), by 731 OFFICE ONE LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender is the present owner and holder of that certain promissory note described on EXHIBIT A attached hereto and incorporated herein (collectively, the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, on the date hereof and pursuant to the terms of this Note and the Loan Agreement (as defined below), Lender has agreed to make a loan (the LOAN) to Borrower in the maximum principal amount of \$400,000,000, such Loan to be comprised of the Existing Debt so that the principal balance of on the date hereof is \$400,000,000;

WHEREAS, in connection with the foregoing, Borrower and Lender have agreed in the manner hereinafter set forth to (i) combine and consolidate the Existing Note and the indebtedness evidenced thereby with the New Loan and (ii) amend, modify and restate in their entirety the terms and provisions of the Existing Note on the terms and conditions hereinafter set forth; and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

I. The Existing Debt is combined and consolidated together with the New Loan so that together they shall constitute in law but one indebtedness in the maximum principal amount of \$400,000,000, (such amount, or so much thereof as may be outstanding from time to time under this Note, the PRINCIPAL AMOUNT), together with interest thereon as hereinafter provided. The terms, covenants, conditions and provisions of the Existing Note are hereby modified, amended, restated and consolidated in their entirety so that henceforth the terms, covenants, conditions and provisions of the Existing Note shall read and be as set forth in this Note and Borrower agrees to comply with and be subject to all of the terms, covenants and conditions of this Note.

II. The parties hereto certify that this Note evidences the Existing Debt evidenced by the Existing Note, as increased by the New Loan, and evidences no further or other principal indebtedness. Neither this Note nor anything contained herein shall be construed as a novation of Borrower's indebtedness to Lender evidenced by the Existing Note or of the Existing Note, which shall remain in full force and effect as hereby confirmed, modified, amended, restated and consolidated.

III. This Note is an extension and continuation of the Existing Debt evidenced by the Existing Note, as increased by the New Loan, and, as to the Existing Debt, is issued in replacement of and substitution for the Existing Note.

IV. The Existing Note, as modified and restated in its entirety pursuant to this Note, and the obligations of Borrower thereunder, as increased by the New Loan, is hereby ratified and confirmed, and shall remain in full force and effect until the full performance and satisfaction of all obligations of Borrower under this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean, a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by this Note and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning set forth in the Recitals.

EXISTING NOTE shall have the meaning set forth in the Recitals.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNT shall have the meaning provided in Section 3(a).

NOTE shall have the meaning provided in the first paragraph hereof.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on December 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall have the meaning set forth in the Recitals.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, with respect to each Interest Period, the rate of interest set forth on SCHEDULE A hereto for such Interest Period.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number

of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on March 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including February 29, 2004 shall be paid on the date hereof; and

ii. commencing on April 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest payable on this Note, in arrears, and scheduled principal amortization in the amounts (the MONTHLY AMOUNTS) set forth on SCHEDULE A hereto (subject to adjustment as provided in Section 4(f)).

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of accrued interest and Monthly Amounts on each Payment Date. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied to repayment of the Loan on each Payment Date as a partial prepayment of the outstanding principal Indebtedness. Deferred Interest shall be payable after all principal and other amounts due hereunder have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. VOLUNTARY PREPAYMENTS. Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount on any Business Day occurring after the expiration of

the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the PREPAYMENT NOTICE) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the PREPAYMENT DATE); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. In connection with any voluntary prepayment, other than payments from Excess Cash Flow as set forth in Section 3(b), Borrower shall concurrently repay all of the other Indebtedness in full.

iv. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of Section 3(b) hereof.

b. DEFEASANCE. From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. MANDATORY PREPAYMENTS.

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use such Proceeds to prepay the outstanding principal balance of this Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

- i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.
- ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under this Note, the Loan Agreement, the Security Instrument, and the other Loan Documents;
- iii. Borrower shall pay (without duplication) all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and
- iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.
- e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAID DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL AMOUNT BEING REPAID HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY PREPAYMENTS FROM PROCEEDS.
- f. MODIFICATION OF MONTHLY AMOUNTS.

i. In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date (other than in connection with an acceleration of the Loan), the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the same proportionate amortization as in effect prior to such recalculation for each remaining Payment Date, taking into account the reduction in the Principal Amount.

ii. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date (other than in connection with an acceleration of the Loan) or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts or the Stated Interest Rate.

5. MISCELLANEOUS.

a. **WAIVER.** Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. **NON-RECOURSE.** Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. **NOTE SECURED.** This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. **NOTICES.** Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall

be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. **ENTIRE AGREEMENT.** This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. **NO WAIVER.** No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. **SUCCESSORS AND ASSIGNS.** This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. **CAPTIONS.** All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. **COUNTERPARTS.** This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. **SEVERABILITY.** The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. **GOVERNING LAW.** THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE

STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

EXHIBIT A
EXISTING NOTES

1. Consolidated, Amended and Restated Supplemental Loan Note (No. 3) in the original principal amount of \$22,940,962, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
2. Consolidated, Amended and Restated Project Loan Note (No. 3) in the original principal amount of \$15,587,546, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
3. Substitute Subordinate Building Loan Note in the original principal amount of \$125,000,000, dated February 13, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.
4. Substitute Mortgage Note C (No. 3) in the original principal amount of \$236,471,492, dated January 28, 2004, by 731 Commercial LLC and 731 Residential LLC in favor of Hypo Real Estate Capital Corporation.

**SCHEDULE A
CONSOLIDATED NOTE**

Interest	Period Commencing	Stated Interest Rate	Payment Date	Scheduled Principal Amortization	Ending Balance
	2/13/2004	5.3300%			
	3/1/2004	5.3300%	3/1/04		400,000,000.00
	4/1/2004	5.3300%	4/1/04	-	400,000,000.00
	5/1/2004	5.3300%	5/1/04	-	400,000,000.00
	6/1/2004	5.3300%	6/1/04	-	400,000,000.00
	7/1/2004	5.3300%	7/1/04	-	400,000,000.00
	8/1/2004	5.3300%	8/1/04	-	400,000,000.00
	9/1/2004	5.3300%	9/1/04	-	400,000,000.00
	10/1/2004	5.3300%	10/1/04	-	400,000,000.00
	11/1/2004	5.3300%	11/1/04	-	400,000,000.00
	12/1/2004	5.3300%	12/1/04	-	400,000,000.00
	1/1/2005	5.3300%	1/1/05	-	400,000,000.00
	2/1/2005	5.3300%	2/1/05	-	400,000,000.00
	3/1/2005	5.3300%	3/1/05	-	400,000,000.00
	4/1/2005	5.3300%	4/1/05	-	400,000,000.00
	5/1/2005	5.3300%	5/1/05	-	400,000,000.00
	6/1/2005	5.3300%	6/1/05	-	400,000,000.00
	7/1/2005	5.3300%	7/1/05	-	400,000,000.00
	8/1/2005	5.3300%	8/1/05	-	400,000,000.00
	9/1/2005	5.3300%	9/1/05	-	400,000,000.00
	10/1/2005	5.3300%	10/1/05	-	400,000,000.00
	11/1/2005	5.3300%	11/1/05	-	400,000,000.00
	12/1/2005	5.3300%	12/1/05	-	400,000,000.00
	1/1/2006	5.3300%	1/1/06	-	400,000,000.00
	2/1/2006	5.3300%	2/1/06	-	400,000,000.00
	3/1/2006	5.3300%	3/1/06	-	400,000,000.00
	4/1/2006	5.3300%	4/1/06	712,217.29	399,287,782.71
	5/1/2006	5.3300%	5/1/06	774,602.94	398,513,179.77
	6/1/2006	5.3300%	6/1/06	719,041.38	397,794,138.39
	7/1/2006	5.3300%	7/1/06	781,237.21	397,012,901.18
	8/1/2006	5.3300%	8/1/06	725,927.24	396,286,973.94
	9/1/2006	5.3300%	9/1/06	729,259.05	395,557,714.89
	10/1/2006	5.3300%	10/1/06	791,170.66	394,766,544.23

11/1/2006	5.3300%	11/1/06	736,237.40	394,030,306.84
12/1/2006	5.3300%	12/1/06	797,954.90	393,232,351.94
1/1/2007	5.3300%	1/1/07	743,278.91	392,489,073.03
2/1/2007	5.3300%	2/1/07	746,690.36	391,742,382.67
3/1/2007	5.3300%	3/1/07	924,116.37	390,818,266.31
4/1/2007	5.3300%	4/1/07	754,358.89	390,063,907.41
5/1/2007	5.3300%	5/1/07	815,572.32	389,248,335.09
6/1/2007	5.3300%	6/1/07	761,564.44	388,486,770.65
7/1/2007	5.3300%	7/1/07	822,577.44	387,664,193.21
8/1/2007	5.3300%	8/1/07	768,835.21	386,895,358.00
9/1/2007	5.3300%	9/1/07	772,363.95	386,122,994.05
10/1/2007	5.3300%	10/1/07	833,076.54	385,289,917.50
11/1/2007	5.3300%	11/1/07	779,732.48	384,510,185.02
12/1/2007	5.3300%	12/1/07	840,240.10	383,669,944.92
1/1/2008	5.3300%	1/1/08	787,167.70	382,882,777.21
2/1/2008	5.3300%	2/1/08	790,780.59	382,091,996.63
3/1/2008	5.3300%	3/1/08	907,551.73	381,184,444.89
4/1/2008	5.3300%	4/1/08	798,575.46	380,385,869.44
5/1/2008	5.3300%	5/1/08	858,558.94	379,527,310.50
6/1/2008	5.3300%	6/1/08	806,181.25	378,721,129.25
7/1/2008	5.3300%	7/1/08	865,953.16	377,855,176.09
8/1/2008	5.3300%	8/1/08	813,855.88	377,041,320.21
9/1/2008	5.3300%	9/1/08	817,591.25	376,223,728.96
10/1/2008	5.3300%	10/1/08	877,045.78	375,346,683.18
11/1/2008	5.3300%	11/1/08	825,369.16	374,521,314.02
12/1/2008	5.3300%	12/1/08	884,607.34	373,636,706.68
1/1/2009	5.3300%	1/1/09	833,217.48	372,803,489.20
2/1/2009	5.3300%	2/1/09	837,041.72	371,966,447.48
3/1/2009	5.3300%	3/1/09	1,006,098.60	370,960,348.88
4/1/2009	5.3300%	4/1/09	845,501.22	370,114,847.66
5/1/2009	5.3300%	5/1/09	904,179.39	369,210,668.26
6/1/2009	5.3300%	6/1/09	853,531.77	368,357,136.50
7/1/2009	5.3300%	7/1/09	911,986.56	367,445,149.93
8/1/2009	5.3300%	8/1/09	861,635.01	366,583,514.93
9/1/2009	5.3300%	9/1/09	865,589.67	365,717,925.26
10/1/2009	5.3300%	10/1/09	923,709.06	364,794,216.20
11/1/2009	5.3300%	11/1/09	873,802.06	363,920,414.14
12/1/2009	5.3300%	12/1/09	931,693.00	362,988,721.14
1/1/2010	5.3300%	1/1/10	882,088.78	362,106,632.36
2/1/2010	5.3300%	2/1/10	886,137.32	361,220,495.04
3/1/2010	5.3300%	3/1/10	1,050,646.55	360,169,848.50
4/1/2010	5.3300%	4/1/10	895,026.62	359,274,821.88
5/1/2010	5.3300%	5/1/10	952,327.18	358,322,494.70
6/1/2010	5.3300%	6/1/10	903,505.46	357,418,989.24
7/1/2010	5.3300%	7/1/10	960,570.17	356,458,419.08
8/1/2010	5.3300%	8/1/10	912,061.05	355,546,358.03
9/1/2010	5.3300%	9/1/10	916,247.16	354,630,110.87
10/1/2010	5.3300%	10/1/10	972,957.43	353,657,153.44
11/1/2010	5.3300%	11/1/10	924,918.08	352,732,235.36
12/1/2010	5.3300%	12/1/10	981,387.16	351,750,848.19
1/1/2011	5.3300%	1/1/11	933,667.49	350,817,180.70
2/1/2011	5.3300%	2/1/11	937,952.77	349,879,227.94

3/1/2011	5.3300%	3/1/11	1,097,662.40	348,781,565.54
4/1/2011	5.3300%	4/1/11	947,295.67	347,834,269.86
5/1/2011	5.3300%	5/1/11	1,003,142.29	346,831,127.57
6/1/2011	5.3300%	6/1/11	956,247.64	345,874,879.93
7/1/2011	5.3300%	7/1/11	1,011,845.25	344,863,034.67
8/1/2011	5.3300%	8/1/11	965,280.64	343,897,754.03
9/1/2011	5.3300%	9/1/11	969,711.01	342,928,043.02
10/1/2011	5.3300%	10/1/11	1,024,934.12	341,903,108.90
11/1/2011	5.3300%	11/1/11	978,865.88	340,924,243.02
12/1/2011	5.3300%	12/1/11	1,033,834.33	339,890,408.69
1/1/2012	5.3300%	1/1/12	988,103.61	338,902,305.08
2/1/2012	5.3300%	2/1/12	992,638.74	337,909,666.34
3/1/2012	5.3300%	3/1/12	1,097,253.48	336,812,412.86
4/1/2012	5.3300%	4/1/12	1,002,230.76	335,810,182.10
5/1/2012	5.3300%	5/1/12	1,056,549.28	334,753,632.82
6/1/2012	5.3300%	6/1/12	1,011,679.99	333,741,952.83
7/1/2012	5.3300%	7/1/12	1,065,735.67	332,676,217.16
8/1/2012	5.3300%	8/1/12	1,021,214.75	331,655,002.41
9/1/2012	5.3300%	9/1/12	1,025,901.84	330,629,100.57
10/1/2012	5.3300%	10/1/12	1,079,561.92	329,549,538.65
11/1/2012	5.3300%	11/1/12	1,035,565.34	328,513,973.31
12/1/2012	5.3300%	12/1/12	1,088,956.61	327,425,016.70
1/1/2013	5.3300%	1/1/13	1,045,316.30	326,379,700.40
2/1/2013	5.3300%	2/1/13	1,050,114.01	325,329,586.39
3/1/2013	5.3300%	3/1/13	1,199,434.30	324,130,152.09
4/1/2013	5.3300%	4/1/13	1,060,438.81	323,069,713.27
5/1/2013	5.3300%	5/1/13	1,113,138.20	321,956,575.07
6/1/2013	5.3300%	6/1/13	1,070,414.93	320,886,160.14
7/1/2013	5.3300%	7/1/13	1,122,836.81	319,763,323.33
8/1/2013	5.3300%	8/1/13	1,080,481.35	318,682,841.98
9/1/2013	5.3300%	9/1/13	1,085,440.45	317,597,401.53
10/1/2013	5.3300%	10/1/13	1,137,444.38	316,459,957.14
11/1/2013	5.3300%	11/1/13	1,095,642.88	315,364,314.27
12/1/2013	5.3300%	12/1/13	1,147,363.01	314,216,951.25
1/1/2014	5.3300%	1/1/14	1,105,937.65	313,111,013.60
2/1/2014	5.3300%	2/1/14	1,111,013.60	312,000,000.00
3/1/2014	5.3300%	3/1/14	1,254,692.84	310,745,307.16
4/1/2014	5.3300%	4/1/14	1,121,871.53	309,623,435.62
5/1/2014	5.3300%	5/1/14	1,172,862.08	308,450,573.54
6/1/2014	5.3300%	6/1/14	1,132,403.72	307,318,169.81
7/1/2014	5.3300%	7/1/14	1,183,101.31	306,135,068.51
8/1/2014	5.3300%	8/1/14	1,143,031.25	304,992,037.26
9/1/2014	5.3300%	9/1/14	1,148,277.45	303,843,759.81
10/1/2014	5.3300%	10/1/14	1,198,533.48	302,645,226.34
11/1/2014	5.3300%	11/1/14	1,159,048.66	301,486,177.68
12/1/2014	5.3300%	12/1/14	1,209,005.07	300,277,172.61
1/1/2015	5.3300%	1/1/15	1,169,917.36	299,107,255.25
2/1/2015	5.3300%	2/1/15	1,175,286.96	297,931,968.29
3/1/2015	5.3300%	3/1/15	1,313,012.65	296,618,955.64
4/1/2015	5.3300%	4/1/15	1,186,707.56	295,432,248.07
5/1/2015	5.3300%	5/1/15	1,235,894.61	294,196,353.47
6/1/2015	5.3300%	6/1/15	1,197,826.64	292,998,526.83

7/1/2015	5.3300%	7/1/15	1,246,704.39	291,751,822.45
8/1/2015	5.3300%	8/1/15	1,209,046.35	290,542,776.09
9/1/2015	5.3300%	9/1/15	1,214,595.54	289,328,180.55
10/1/2015	5.3300%	10/1/15	1,263,006.84	288,065,173.71
11/1/2015	5.3300%	11/1/15	1,225,967.05	286,839,206.66
12/1/2015	5.3300%	12/1/15	1,274,062.03	285,565,144.63
1/1/2016	5.3300%	1/1/16	1,237,441.49	284,327,703.14
2/1/2016	5.3300%	2/1/16	1,243,121.00	283,084,582.15
3/1/2016	5.3300%	3/1/16	1,332,651.07	281,751,931.08
4/1/2016	5.3300%	4/1/16	1,254,943.08	280,496,988.00
5/1/2016	5.3300%	5/1/16	1,302,232.05	279,194,755.94
6/1/2016	5.3300%	6/1/16	1,266,679.80	277,928,076.14
7/1/2016	5.3300%	7/1/16	1,313,642.30	276,614,433.84
8/1/2016	5.3300%	8/1/16	1,278,522.76	275,335,911.08
9/1/2016	5.3300%	9/1/16	1,284,390.83	274,051,520.25
10/1/2016	5.3300%	10/1/16	1,330,860.67	272,720,659.58
11/1/2016	5.3300%	11/1/16	1,296,394.10	271,424,265.47
12/1/2016	5.3300%	12/1/16	1,342,530.06	270,081,735.41
1/1/2017	5.3300%	1/1/17	1,308,506.03	268,773,229.37
2/1/2017	5.3300%	2/1/17	1,314,511.71	267,458,717.66
3/1/2017	5.3300%	3/1/17	1,439,341.20	266,019,376.46
4/1/2017	5.3300%	4/1/17	1,327,151.13	264,692,225.33
5/1/2017	5.3300%	5/1/17	1,372,431.54	263,319,793.78
6/1/2017	5.3300%	6/1/17	1,339,541.47	261,980,252.32
7/1/2017	5.3300%	7/1/17	1,384,477.22	260,595,775.09
8/1/2017	5.3300%	8/1/17	1,352,043.96	259,243,731.14
9/1/2017	5.3300%	9/1/17	1,358,249.46	257,885,481.68
10/1/2017	5.3300%	10/1/17	1,402,664.83	256,482,816.85
11/1/2017	5.3300%	11/1/17	1,370,921.29	255,111,895.56
12/1/2017	5.3300%	12/1/17	1,414,984.17	253,696,911.38
1/1/2018	5.3300%	1/1/18	1,383,707.82	252,313,203.56
2/1/2018	5.3300%	2/1/18	1,390,058.66	250,923,144.90
3/1/2018	5.3300%	3/1/18	1,507,890.34	249,415,254.56
4/1/2018	5.3300%	4/1/18	1,403,359.44	248,011,895.12
5/1/2018	5.3300%	5/1/18	1,446,520.01	246,565,375.11
6/1/2018	5.3300%	6/1/18	1,416,439.59	245,148,935.52
7/1/2018	5.3300%	7/1/18	1,459,236.32	243,689,699.19
8/1/2018	5.3300%	8/1/18	1,429,638.15	242,260,061.05
9/1/2018	5.3300%	9/1/18	1,436,199.79	240,823,861.26
10/1/2018	5.3300%	10/1/18	1,478,446.86	239,345,414.40
11/1/2018	5.3300%	11/1/18	1,449,577.21	237,895,837.19
12/1/2018	5.3300%	12/1/18	1,491,452.17	236,404,385.02
1/1/2019	5.3300%	1/1/19	1,463,075.72	234,941,309.30
2/1/2019	5.3300%	2/1/19	1,469,790.83	233,471,518.48
3/1/2019	5.3300%	3/1/19	1,580,237.03	231,891,281.45
4/1/2019	5.3300%	4/1/19	1,483,789.61	230,407,491.84
5/1/2019	5.3300%	5/1/19	1,524,712.90	228,882,778.94
6/1/2019	5.3300%	6/1/19	1,497,597.80	227,385,181.14
7/1/2019	5.3300%	7/1/19	1,538,137.00	225,847,044.15
8/1/2019	5.3300%	8/1/19	1,511,530.98	224,335,513.17
9/1/2019	5.3300%	9/1/19	1,518,468.49	222,817,044.68
10/1/2019	5.3300%	10/1/19	1,558,427.14	221,258,617.54

11/1/2019	5.3300%	11/1/19	1,532,590.58	219,726,026.96
12/1/2019	5.3300%	12/1/19	1,572,156.41	218,153,870.56
1/1/2020	5.3300%	1/1/20	1,546,840.51	216,607,030.05
2/1/2020	5.3300%	2/1/20	1,553,940.08	215,053,089.97
3/1/2020	5.3300%	3/1/20	1,624,751.84	213,428,338.13
4/1/2020	5.3300%	4/1/20	1,568,529.39	211,859,808.74
5/1/2020	5.3300%	5/1/20	1,607,095.53	210,252,713.21
6/1/2020	5.3300%	6/1/20	1,583,104.63	208,669,608.59
7/1/2020	5.3300%	7/1/20	1,621,265.33	207,048,343.26
8/1/2020	5.3300%	8/1/20	1,597,811.79	205,450,531.46
9/1/2020	5.3300%	9/1/20	1,605,145.31	203,845,386.16
10/1/2020	5.3300%	10/1/20	1,642,692.92	202,202,693.24
11/1/2020	5.3300%	11/1/20	1,620,051.98	200,582,641.25
12/1/2020	5.3300%	12/1/20	1,657,184.94	198,925,456.31
1/1/2021	5.3300%	1/1/21	1,635,093.59	197,290,362.72
2/1/2021	5.3300%	2/1/21	1,642,598.21	195,647,764.51
3/1/2021	5.3300%	3/1/21	1,737,037.50	193,910,727.01
4/1/2021	5.3300%	4/1/21	1,658,109.80	192,252,617.20
5/1/2021	5.3300%	5/1/21	1,694,184.13	190,558,433.07
6/1/2021	5.3300%	6/1/21	1,673,495.90	188,884,937.17
7/1/2021	5.3300%	7/1/21	1,709,142.25	187,175,794.92
8/1/2021	5.3300%	8/1/21	1,689,021.27	185,486,773.65
9/1/2021	5.3300%	9/1/21	1,696,773.41	183,790,000.24
10/1/2021	5.3300%	10/1/21	1,731,772.26	182,058,227.98
11/1/2021	5.3300%	11/1/21	1,712,509.48	180,345,718.50
12/1/2021	5.3300%	12/1/21	1,747,070.61	178,598,647.89
1/1/2022	5.3300%	1/1/22	1,728,387.99	176,870,259.90
2/1/2022	5.3300%	2/1/22	1,736,320.81	175,133,939.08
3/1/2022	5.3300%	3/1/22	1,822,078.70	173,311,860.38
4/1/2022	5.3300%	4/1/22	1,752,652.88	171,559,207.50
5/1/2022	5.3300%	5/1/22	1,786,097.36	169,773,110.14
6/1/2022	5.3300%	6/1/22	1,768,894.76	168,004,215.38
7/1/2022	5.3300%	7/1/22	1,801,887.45	166,202,327.93
8/1/2022	5.3300%	8/1/22	1,785,283.66	164,417,044.27
9/1/2022	5.3300%	9/1/22	1,793,477.61	162,623,566.65
10/1/2022	5.3300%	10/1/22	1,825,786.50	160,797,780.15
11/1/2022	5.3300%	11/1/22	1,810,089.03	158,987,691.12
12/1/2022	5.3300%	12/1/22	1,841,935.85	157,145,755.27
1/1/2023	5.3300%	1/1/23	1,826,850.81	155,318,904.46
2/1/2023	5.3300%	2/1/23	1,835,235.55	153,483,668.91
3/1/2023	5.3300%	3/1/23	1,911,831.10	151,571,837.81
4/1/2023	5.3300%	4/1/23	1,852,433.54	149,719,404.27
5/1/2023	5.3300%	5/1/23	1,883,102.49	147,836,301.78
6/1/2023	5.3300%	6/1/23	1,869,578.62	145,966,723.16
7/1/2023	5.3300%	7/1/23	1,899,770.65	144,066,952.52
8/1/2023	5.3300%	8/1/23	1,886,878.88	142,180,073.63
9/1/2023	5.3300%	9/1/23	1,895,539.13	140,284,534.50
10/1/2023	5.3300%	10/1/23	1,925,009.04	138,359,525.46
11/1/2023	5.3300%	11/1/23	1,913,074.39	136,446,451.08
12/1/2023	5.3300%	12/1/23	1,942,056.52	134,504,394.55
1/1/2024	5.3300%	1/1/24	1,930,768.37	132,573,626.19
2/1/2024	5.3300%	2/1/24	1,939,630.06	130,633,996.13

3/1/2024	5.3300%	3/1/24	1,987,214.60	128,646,781.53
4/1/2024	5.3300%	4/1/24	1,957,653.18	126,689,128.35
5/1/2024	5.3300%	5/1/24	1,985,395.30	124,703,733.05
6/1/2024	5.3300%	6/1/24	1,975,750.68	122,727,982.37
7/1/2024	5.3300%	7/1/24	2,002,989.39	120,724,992.98
8/1/2024	5.3300%	8/1/24	1,994,011.99	118,730,980.98
9/1/2024	5.3300%	9/1/24	2,003,163.95	116,727,817.03
10/1/2024	5.3300%	10/1/24	2,029,640.12	114,698,176.91
11/1/2024	5.3300%	11/1/24	2,021,673.40	112,676,503.50
12/1/2024	5.3300%	12/1/24	2,047,634.71	110,628,868.80
1/1/2025	5.3300%	1/1/25	2,040,350.40	108,588,518.40
2/1/2025	5.3300%	2/1/25	2,049,715.04	106,538,803.36
3/1/2025	5.3300%	3/1/25	2,106,443.65	104,432,359.71
4/1/2025	5.3300%	4/1/25	2,068,790.65	102,363,569.06
5/1/2025	5.3300%	5/1/25	2,093,441.32	100,270,127.73
6/1/2025	5.3300%	6/1/25	2,087,894.14	98,182,233.59
7/1/2025	5.3300%	7/1/25	2,112,013.42	96,070,220.17
8/1/2025	5.3300%	8/1/25	2,107,170.55	93,963,049.61
9/1/2025	5.3300%	9/1/25	2,116,841.88	91,846,207.74
10/1/2025	5.3300%	10/1/25	2,140,155.94	89,706,051.80
11/1/2025	5.3300%	11/1/25	2,136,380.32	87,569,671.48
12/1/2025	5.3300%	12/1/25	2,159,150.89	85,410,520.60
1/1/2026	5.3300%	1/1/26	2,156,095.61	83,254,424.98
2/1/2026	5.3300%	2/1/26	2,165,991.49	81,088,433.49
3/1/2026	5.3300%	3/1/26	2,211,949.57	78,876,483.92
4/1/2026	5.3300%	4/1/26	2,186,085.03	76,690,398.90
5/1/2026	5.3300%	5/1/26	2,207,472.99	74,482,925.91
6/1/2026	5.3300%	6/1/26	2,206,250.24	72,276,675.67
7/1/2026	5.3300%	7/1/26	2,227,077.28	70,049,598.40
8/1/2026	5.3300%	8/1/26	2,226,597.98	67,823,000.42
9/1/2026	5.3300%	9/1/26	2,236,817.44	65,586,182.98
10/1/2026	5.3300%	10/1/26	2,256,794.21	63,329,388.76
11/1/2026	5.3300%	11/1/26	2,257,441.87	61,071,946.89
12/1/2026	5.3300%	12/1/26	2,276,844.95	58,795,101.94
1/1/2027	5.3300%	1/1/27	2,278,252.99	56,516,848.95
2/1/2027	5.3300%	2/1/27	2,288,709.54	54,228,139.41
3/1/2027	5.3300%	3/1/27	2,323,300.41	51,904,839.00
4/1/2027	5.3300%	4/1/27	2,309,877.38	49,594,961.62
5/1/2027	5.3300%	5/1/27	2,327,821.89	47,267,139.73
6/1/2027	5.3300%	6/1/27	2,331,163.13	44,935,976.60
7/1/2027	5.3300%	7/1/27	2,348,515.55	42,587,461.05
8/1/2027	5.3300%	8/1/27	2,352,641.56	40,234,819.49
9/1/2027	5.3300%	9/1/27	2,363,439.53	37,871,379.96
10/1/2027	5.3300%	10/1/27	2,379,894.13	35,491,485.83
11/1/2027	5.3300%	11/1/27	2,385,210.12	33,106,275.71
12/1/2027	5.3300%	12/1/27	2,401,059.13	30,705,216.58
1/1/2028	5.3300%	1/1/28	2,407,177.76	28,298,038.82
2/1/2028	5.3300%	2/1/28	2,418,226.04	25,879,812.78
3/1/2028	5.3300%	3/1/28	2,436,988.32	23,442,824.45
4/1/2028	5.3300%	4/1/28	2,440,510.12	21,002,314.33
5/1/2028	5.3300%	5/1/28	2,454,820.90	18,547,493.43
6/1/2028	5.3300%	6/1/28	2,462,978.33	16,084,515.10

7/1/2028	5.3300%	7/1/28	2,476,664.12	13,607,850.98
8/1/2028	5.3300%	8/1/28	2,485,649.92	11,122,201.06
9/1/2028	5.3300%	9/1/28	2,497,058.36	8,625,142.69
10/1/2028	5.3300%	10/1/28	2,509,796.17	6,115,346.53
11/1/2028	5.3300%	11/1/28	2,520,038.43	3,595,308.09
12/1/2028	5.3300%	12/1/28	2,532,137.02	1,063,171.08
1/1/2029	5.3300%	1/1/29	1,063,171.08	
2/1/2029	5.3300%	2/1/29	-	

Exhibit 10.23

**ASSIGNMENT OF LEASES,
RENTS AND SECURITY DEPOSITS**

from

731 OFFICE ONE LLC

to

GERMAN AMERICAN CAPITAL CORPORATION,

Dated as of February 13, 2004

Street Address: 731 Lexington Avenue
New York, New York

County: New York
Section:

Block: 1313
Lot: 1002 and 1003

Record and Return to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Harvey R. Uris, Esq.

**ASSIGNMENT OF LEASES,
RENTS AND SECURITY DEPOSITS**

This ASSIGNMENT OF LEASES, RENTS AND SECURITY DEPOSITS, dated as of February 13, 2004 (this ASSIGNMENT), from 731 OFFICE ONE LLC, a Delaware limited liability company, (Borrower), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, to GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an address at 60 Wall Street, New York, New York 10005.

WITNESSETH:

WHEREAS, Borrower is the owner of a fee simple interest in the real property commonly known as Office Unit 1 and Office Unit 2 of the Beacon Court Condominium located at 731 Lexington Avenue, New York, New York, and more particularly described on Exhibit A attached hereto and incorporated herein (the PROPERTY);

WHEREAS, on the date hereof, in accordance with the terms of a Loan and Security Agreement, dated as of the date hereof (as the same may be amended and supplemented from time to time, the LOAN AGREEMENT), between Lender, as lender, and Borrower, as borrower, Lender is making a loan to Borrower in the principal amount of \$400,000,000 (the LOAN), which Loan is evidenced by that certain Amended, Restated and Consolidated Note, dated as of the date hereof (as the same may be amended, substituted, replaced, exchanged and supplemented from time to time, the NOTE), made by and between Borrower and Lender and secured by that certain Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits, dated as of the date hereof (as the same may be amended and supplemented from time to time, the SECURITY INSTRUMENT), by and between Borrower and Lender and the other Loan Documents (as defined in the Loan Agreement);

WHEREAS, as a condition to making the Loan, Lender has required that Borrower deliver this Assignment for the benefit of Lender;

WHEREAS, the forgoing recitals are intended to form an integral part of this Assignment.

NOW, THEREFORE, Borrower, in consideration of the Loan, foregoing premises, Ten Dollars (\$10.00) paid in hand, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower agrees as follows:

Section 1. Definitions

(a) The following terms shall have the meaning ascribed thereto:

ASSIGNMENT: Shall have the meaning provided in the first paragraph.

BORROWER: Shall have the meaning provided in the first paragraph.

LENDER: Shall have the meaning provided in the first paragraph.

LOAN AGREEMENT: Shall have the meaning provided in the Recitals.

NOTE: Shall have the meaning provided in the Recitals.

SECURITY INSTRUMENT: Shall have the meaning provided in the Recitals.

(b) Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement, unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Agreement, unless otherwise indicated.

Section 2. Assignment.

(a) Borrower hereby assigns, transfers and sets over unto Lender, subject to the terms hereof, all of the right, title and interest of Borrower in and to all Leases, Rents and Security Deposits, it being understood that, as of the date hereof, the only Lease is the Bloomberg Lease, the only Rents are the Rents under the Bloomberg Lease and there are no Security Deposits.

(b) This Assignment is an absolute, present and irrevocable assignment made for the purpose of securing (i) the payment and performance by Borrower of all Obligations; (ii) the payment of all sums with interest thereon becoming due and payable to Lender under this Assignment; and (iii) the performance and discharge of each and every obligation, covenant, representation, warranty, indemnity and agreement of Borrower under this Assignment.

Section 3. License to Collect Rent.

(a) Prior to the occurrence of an Event of Default and subject to the provisions of the Section 3.1 of the Loan Agreement, Lender has granted Borrower a license to cause the Rents to be collected and deposited in the Collection Account in accordance with the terms of Section 3.1 of the Loan Agreement. The foregoing license granted to Borrower shall terminate upon the occurrence and during the continuance of an Event of Default.

(b) Any time after the occurrence and during the continuance of an Event of Default, Lender, without in any way waiving such Event of Default, at its option and without regard to the adequacy of the security for Obligations and the other obligations secured hereby and by any Loan Document, either in person or by agent or by a receiver appointed by a court, may enter upon and take possession of the Property and have, hold, manage, lease and operate the same on such terms and for such period of time as Lender may deem proper, subject to the Bloomberg Lease. At any time after the occurrence and during the continuance of an Event of Default, Lender, with or without taking possession of the Property, may, to the extent not prohibited by applicable Legal

Requirements, and, subject to the Bloomberg Lease, demand, sue for or otherwise collect and receive all Rents, and Security Deposits, including any Rent past due and unpaid, and to apply such Rents to the payment of: (i) all reasonable expenses of managing the Property, including, without limitation, the reasonable salaries, fees and wages of any manager or managing agent and such other employees as Lender may deem necessary in Lender's sole and absolute discretion and all expenses of operating and maintaining the Property, including, without limitation, all rents, taxes, charges, claims, assessments, water rents, sewer rents and any other liens, and premiums for all insurance which are due and payable and the cost of all alterations, renovations, repairs or replacements for the Property, the fees and expenses provided for under the Management Agreement, provided such fees and expenses shall be subject and subordinate to the Loan, and all expenses incident to taking and retaining possession and managing the Property, including, without limitation, attorneys fees and disbursements; and (ii) the Obligations. The terms of this Section 3 are in all respects subject to the terms of Section 10(p) and Section 15(a) of the Security Instrument.

(c) The exercise by Lender of the right to collect the Rents and the application thereof as herein provided shall not be considered a waiver of any Event of Default under the this Assignment or any other Loan Document. Borrower agrees that the exercise by Lender of one or more of its rights and remedies hereunder shall in no way be deemed or construed to make Lender a mortgagee-in-possession unless and until such time as Lender takes actual possession of the Property.

Section 4. No Other Assignment.

(a) Borrower represents and warrants that (i) Borrower has not executed any, and there is no existing, assignment of the Leases, Rents or Security Deposits, except for the Security Instrument and (ii) Borrower has not performed any act or executed any instrument, assignment or agreement, and there is no existing instrument, assignment or agreement, which might prevent Lender from exercising its rights under any of the terms and conditions of this Assignment or which would limit Lender in such exercise in any material way.

(b) Borrower shall not (i) execute any assignment of the Leases, Rents or Security Deposits to any person other than Lender and (ii) perform any act or execute any instrument, assignment or agreement which might prevent Lender from exercising its rights under any of the terms and conditions of this Assignment or which would limit Lender in such exercise in any material way. Any of the foregoing acts done without the prior written consent of Lender shall be null and void.

Section 5. Covenants.

(a) Borrower will duly perform, observe and comply with all of the affirmative and negative covenants, agreements and obligations to be performed, observed and complied with by Borrower, and all of the other terms and conditions applicable to Borrower, under the terms of Section 8.8 of the Loan Agreement and

Section 5 of the Security Instrument as if each such covenant, agreement, obligation, term and condition were expressly set forth herein in full.

(b) Borrower shall from time to time, at the request of Lender, deliver to Lender certified copies of each and every Lease then affecting all or any part of the Property not previously delivered to Lender or unobtainable from Bloomberg, together with assignments of any such Lease to which Borrower is a party to the extent not previously assigned hereunder. Such assignments shall be on forms reasonably approved by Borrower and Lender or its designee, and Borrower agrees to pay all reasonable costs reasonably incurred in connection with the execution and recording of such assignments or any other related reasonably documents, including, without limitation, Lender's reasonable attorneys fees and expenses.

Section 6. No Liability. Subject to the terms of the Bloomberg Lease, Lender shall not be liable for any loss sustained by Borrower resulting from Lender's failure to let Property or any portion thereof or any other act or omission of Lender either in collecting the Rents or, if Lender shall have taken possession of the premises described in the Leases and/or the Security Instrument, in managing such premises after any such Event of Default, unless such loss is caused by the gross negligence or willful misconduct of Lender, its employees, officers, agents or representatives. Lender shall not be obligated to perform or discharge, nor does Lender hereby undertake to perform or discharge, any obligation, duty or liability under any Lease prior to the time that Lender or any Affiliate, nominee or designee of Lender becomes a mortgagee-in-possession or owner of the Property or otherwise takes possession of the Property and Borrower shall, and does hereby agree to, indemnify Lender for, and to hold Lender harmless from any and all liability, loss or damage which Lender may incur as a result of or related to the exercise of its remedies hereunder and under the other Loan Documents and from any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said Leases prior to the time that Lender or any Affiliate, nominee or designee of Lender becomes a mortgagee-in-possession or owner of the Property or otherwise takes possession of the Property. Should Lender incur any such liability under said Leases or in defense of any such claims or demands, the amount thereof, including reasonable costs and expenses and reasonable attorneys' fees and expenses actually incurred, shall be secured hereby, and Borrower shall reimburse Lender therefor immediately upon demand, and upon the failure of Borrower to do so Lender may, at its option, exercise Lender's remedies under the Security Instrument as the same relates to the Property. It is further understood that unless and until Lender or its Affiliate, nominee or designee shall become a mortgagee-in-possession or the owner of the Property, or any portion thereof, or otherwise takes possession or control of the Property, or any portion thereof, this Assignment shall not operate to place responsibility for the control, care, management or repair of said premises upon Lender, nor for the carrying out of any of the terms and conditions of any Lease; nor shall it operate to make Lender responsible or liable for any waste committed on the Property by the tenants or any other parties, or for any dangerous or defective condition of such premises, or for any negligence in the management, upkeep, repair or control of said premises resulting in loss or injury or death to any tenant, licensee, employee or stranger

other than any of the foregoing arising from the gross negligence or willful misconduct of Lender, its employees, officers, agents or representatives.

Section 7. Tenant Notices. Borrower hereby authorizes and directs all current and future Tenants, upon receipt from Lender of written notice to the effect that Lender is then the holder of the Security Instrument and that an Event of Default exists thereunder or under any other Loan Document, to pay over to Lender, to the extent not prohibited by applicable Legal Requirements, all Rents and Security Deposits and to continue so to do until otherwise notified by Lender. Lender agrees, at Borrower's sole cost and expense, to promptly notify all Tenants that they are no longer obligated to make such payments to Lender upon the curing of any Event of Default.

Section 8. Miscellaneous.

(a) Assignments by Lender. No consent by Borrower shall be required for any assignment or reassignment of the rights of Lender under this Assignment to any purchaser of the Loan or any interest in or portion of the Loan.

(b) No Release. Lender may take or release other security for the payment of said principal sum, interest and indebtedness, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such principal sum, interest or indebtedness without prejudice to any of its rights under this Assignment.

(c) Conflicts. In the event that any terms or provisions of this Assignment and the Loan Agreement conflict, the terms and provisions of the Loan Agreement shall control.

(d) Expenses. Borrower shall pay to Lender and/or Lender's counsel, on demand, from time to time, all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, of, or incidental to, this Assignment or in any way relating to the enforcement, protection or preservation of the rights or remedies of Lender under this Assignment or any other Loan Document.

(e) Further Assurances. Borrower shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or now or hereafter intended to be created under this Assignment and the other Loan Documents and any security interest created or purported to be created thereunder, to protect and further the validity, priority and enforceability of this Assignment and the other Loan Documents, to subject to the Loan Documents any property of Borrower intended by the terms of any one or more of the Loan Documents to be encumbered by the Loan Documents, or otherwise carry out the purposes of the Loan Documents and the transactions contemplated thereunder.

(f) Notices. Any notice, election, request or demand which by any provision of this Assignment is required or permitted to be given or served hereunder

shall be in the manner required for the delivery of notices pursuant to Section 19.6 of the Loan Agreement.

(g) Entire Agreement. This Assignment and the Loan Documents constitute the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

(h) No Waiver. No waiver of any term or condition of this Assignment, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances. A waiver of one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event. Nothing contained in this Assignment and no act done or omitted by Lender pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Lender of any of Lender's rights and remedies under any other Loan Document. This Assignment is made and accepted without prejudice to any of such rights and remedies possessed by Lender to collect the Obligations or any amounts secured hereby and to enforce any other security therefor held by it, and said rights and remedies may be exercised by Lender either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

(i) Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns.

(j) Captions. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Assignment.

(k) Severability. The provisions of this Assignment are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Assignment.

(l) GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT.
BORROWER

HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

(m) JURY TRIAL WAIVER; VENUE. BORROWER AND LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER AND LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS ASSIGNMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR

(II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS ASSIGNMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN. ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER AND LENDER WAIVE ANY OBJECTIONS WHICH THEY MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND LENDER AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

(n) Counterclaims and other Actions. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Assignment, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Assignment and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

(o) Non-Recourse. Recourse with respect to any claims arising under or in connection with this Assignment shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Assignment.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Borrower has duly executed this Assignment of Leases, Rents and Security Deposits as of the date first hereinabove written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ *Brian Kurtz*

Name: *Brian Kurtz*
Title: *Assistant Secretary*

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

On February 13, 2004 before me, the undersigned, a notary public in and for said state, personally appeared Brian Kurt, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Michael Eden

Notary Public

[Notary Seal] My commission expires: March 19, 2007

EXHIBIT A

(Office Unit 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(Office Unit 2)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

ACCOUNT AND CONTROL AGREEMENT

This ACCOUNT AND CONTROL AGREEMENT, is made as of February 13, 2004 (this AGREEMENT), by and among GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (LENDER), having an office at 60 Wall Street, New York, New York 10005, 731 OFFICE ONE LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019 and JP MORGAN CHASE, a New York banking organization (CASH MANAGEMENT BANK), having an office at 4 New York Plaza, 13th Floor, New York, New York 10004.

WHEREAS, Borrower is a party to that certain Loan and Security Agreement, dated as of the date hereof, (as amended, supplemented or otherwise modified from time to time, the Loan Agreement), pursuant to which Borrower agreed to establish and maintain certain Collateral Accounts (as defined herein) as further collateral for a loan (the LOAN) from Lender to Borrower;

WHEREAS, as required by the Loan Agreement, and in order to further effectuate the security interest granted to Lender thereunder, Borrower established pursuant to the Loan Agreement, the Collateral Accounts with Cash Management Bank and, pursuant to the Loan Agreement, has granted to Lender a perfected first priority security interests therein, which Collateral Accounts are described on SCHEDULE 1A and 1B attached hereto; and

WHEREAS, as a condition to making the Loan, Lender is requiring Borrower and Cash Management Bank to deliver this Agreement to further effectuate the terms of the Loan Agreement.

NOW, THEREFORE, in consideration of foregoing premises, the establishment of the Collateral Accounts, Ten Dollars (\$10.00) paid in hand and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement, unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Agreement, unless otherwise indicated. In the event that the Uniform Commercial Code as in effect in the State of New York is revised subsequent to the date hereof, all references herein to sections of the UCC shall be deemed to be references to the successor provisions and requirements.

APPROVED BANK shall mean a bank or other financial institution which has a minimum long-term unsecured debt rating of at least "A" and a minimum short-term unsecured debt rating of at least "A-1" by each of the Rating Agencies (one of which must be S&P), or if any such bank or other financial institution is not rated by all the Rating Agencies, then a minimum long-term rating of at least "A" and a minimum short-term unsecured debt rating of at least "A-1", or their respective equivalents, by two of the Rating Agencies, but in any event one of the two Rating Agencies shall be S&P.

COLLATERAL ACCOUNTS shall mean the accounts specified on SCHEDULES 1A and 1B hereto and any other account established by the Cash Management Bank pursuant to and in accordance with the provisions of this Agreement or the Loan Agreement.

ELIGIBLE ACCOUNT shall mean (i) a segregated trust account or accounts maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the Code of Federal Regulations Section 9.10(b) which, in either case, has corporate trust powers, acting in its fiduciary capacity or (ii) a segregated account maintained at an Approved Bank.

PERMITTED INVESTMENTS shall mean the following, subject to qualifications hereinafter set forth:

(i) obligations of, or obligations guaranteed as to principal and interest by, the U.S. government or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America;

(ii) federal funds, unsecured certificates of deposit, time deposits, banker's acceptances, and repurchase agreements having maturities of not more than 365 days of any bank, the short-term debt obligations of which are rated A-1+ (or the equivalent) by each of the Rating Agencies, it being understood that the A-1+ benchmark rating and other benchmark ratings in this Agreement are intended to be the ratings, or the equivalent of ratings, issued by S&P

(iii) deposits that are fully insured by the Federal Deposit Insurance Corp.;

(iv) debt obligations that are rated AA (or the equivalent) by each of the Rating Agencies;

(v) commercial paper rated A - 1+ (or the equivalent) by each of the Rating Agencies;

(vi) investment in money market funds rated AAm or AAm - G (or the equivalent) by each of the Rating Agencies; and

(vii) such other investments as to which Lender shall have received a Rating Agency Confirmation.

Notwithstanding the foregoing, PERMITTED INVESTMENTS (i) shall exclude any security with the S&P's "r" symbol (or any other Rating Agency's corresponding symbol) attached to the rating (indicating high volatility or dramatic fluctuations in their expected returns because of market risk), as well as any mortgage-backed securities and any security of the type commonly known as "strips"; (ii) shall not have maturities in excess of one year; (iii) shall be limited to those instruments that have a predetermined fixed dollar of principal due at maturity that cannot vary or change; and (iv) shall exclude any investment where the right to receive principal and interest derived from the underlying investment provides a yield to maturity in excess of 120% of the yield to maturity at par

of such underlying investment. Interest may either be fixed or variable, and any variable interest must be tied to a single interest rate index plus a single fixed spread (if any), and move proportionately with that index. No investment shall be made which requires a payment above par for an obligation if the obligation may be prepaid at the option of the issuer thereof prior to its maturity. All investments shall mature or be redeemable upon the option of the holder thereof on or prior to the earlier of (x) three months from the date of their purchase or (y) the Business Day preceding the day before the date such amounts are required to be applied hereunder.

UCC shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

2. ESTABLISHMENT AND MAINTENANCE OF THE COLLATERAL ACCOUNTS. The Cash Management Bank hereby confirms and agrees that:

a. DEPOSIT ACCOUNT. It has established the Collection Account identified on SCHEDULE 1A hereto in the name specified in SCHEDULE 1A (such account(s) being referred to herein as the DEPOSIT ACCOUNT). The Collection Account has been established and shall be maintained by Cash Management Bank as a "deposit account" as such term is defined in Section 9-102(a)(29) of the UCC.

b. SECURITIES ACCOUNTS.

i. It has established the Holding Account and the Sub-Accounts as required pursuant to the Loan Agreement, identified on SCHEDULE 1B hereto in the names specified in SCHEDULE 1B (such account and the sub-accounts referred to in SCHEDULE 1B hereof being referred to herein as the SECURITIES ACCOUNTS). The Holding Account and the Sub-Accounts will be, if established pursuant to the Loan Agreement, maintained by Cash Management Bank as one or more "securities accounts" as such term is defined in Section 8-501(a) of the UCC. The Sub-Accounts (i) may be ledger or book entry accounts and need not be actual accounts, (ii) shall be linked to the Holding Account and (iii) shall be an Eligible Account to which certain funds shall be allocated and from which disbursements shall be made pursuant to the terms of this Agreement. Except for any funds credited to the Deposit Account, all property delivered to the Cash Management Bank pursuant to the Loan Agreement and all Permitted Investments shall be credited to the Holding Account or one of the Sub-Accounts on the Business Day following any deposit into the Deposit Account. Each item of property (whether investment property, financial asset, security, instrument, cash or otherwise) credited to the Securities Accounts shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC. All securities or other property underlying any "financial assets" (as defined in Section 8-102(a)(9) of the UCC) credited to the Securities Accounts shall be registered in the name of Cash Management Bank, indorsed to Cash Management Bank or indorsed in blank or credited to a securities account in the name of the

Cash Management Bank. In no case shall any financial asset credited to the Collateral Accounts be registered in the name of Borrower, payable to the order of Borrower or specially endorsed to Borrower except to the extent the foregoing have been specially endorsed to Cash Management Bank or in blank.

c. CHANGES TO ACCOUNTS. It shall not change the name or account number of any Collateral Account without the express written consent of the Lender.

3. PERMITTED INVESTMENTS. Any amounts held in any of the Securities Accounts shall be invested, liquidated and reinvested in Permitted Investments and disbursed as directed in writing by Lender in accordance with this Agreement (or in accordance with such other instructions as Borrower may from time to time direct, which other instructions from Borrower shall be countersigned by Lender, unless an Event of Default shall have occurred and be continuing, in which event all amounts held in any of the Securities Accounts shall be invested, liquidated and reinvested at Lender's direction in Lender's sole discretion); provided, however, that the maturity of an adequate portion of the Permitted Investments on deposit in the Securities Accounts shall be no later than the Business Day immediately preceding the date on which such funds are required to be withdrawn therefrom pursuant to this Agreement and no Permitted Investment shall be liquidated at a loss at the direction of Borrower except to the extent necessary to make a required payment to Lender on a Payment Date. All Permitted Investments shall identify Lender as the secured party having the benefit of a collateral assignment of such Permitted Investments. Amounts held in the Securities Accounts may be commingled for purposes of purchasing Permitted Investments and Cash Management Bank shall maintain a record of amounts allocated to each Securities Account. In no event shall Lender or Cash Management Bank have any responsibility or liability for the types of investments that Borrower may direct Lender to direct Cash Management Bank to make, nor shall they have any duty or responsibility to confirm that the same are in fact Permitted Investments.

4. CONTROL OF ACCOUNTS.

a. RIGHTS OF LENDER. Borrower hereby irrevocably authorizes Lender to exercise any and all rights of Borrower in respect of the Collateral Accounts and to give Cash Management Bank instructions, directions and entitlement orders in respect of the Collateral Accounts as Lender shall deem necessary or desirable in order to effectuate the provisions of this Agreement and the Loan Agreement, provided that such instructions are in accordance with the terms and provisions hereof and of the Loan Agreement. Borrower hereby irrevocably authorizes and instructs Cash Management Bank to execute any such instructions, directions or entitlement orders Cash Management Bank receives from Lender. Cash Management Bank shall, subject to the terms of this Agreement, treat Lender as entitled to exercise the rights that comprise any financial asset credited to the Collateral Accounts. Cash Management Bank acknowledges that it has received instructions to transfer, and Cash Management Bank covenants that it shall transfer, on a daily basis, all collected funds held in the Collection Account to the Holding Account. Borrower is responsible for monitoring the services provided hereunder and shall notify Cash Management Bank of any errors within thirty

(30)

calendar days after receipt of any report, statement or other material containing or reflecting the error including an account analysis statement, or such greater time period as may be required by law.

b. **LENDER CONTROL AND PERFECTION.** Notwithstanding any other provision of this Agreement, in addition to and not in limitation of Lender's other rights: (i) with respect to each Collateral Account that is a "securities account" within the meaning of Section 8-501 of the UCC (including without limitation the Securities Accounts and to the extent that notwithstanding the intention of the parties the Deposit Account is determined to be a securities account, the Deposit Account), the Cash Management Bank shall comply with all "entitlement orders" (as defined in the UCC) issued by the Lender in accordance with the provisions of Section 4.a. hereof without further consent by the Borrower or any other Person; (ii) with respect to each Collateral Account that is a "deposit account" within the meaning of Section 9-102(a)(29) of the UCC (including, without limitation, the Deposit Account and to the extent that notwithstanding the intention of the parties any of the Securities Accounts are determined to be a deposit account, the Securities Accounts), the Cash Management Bank shall comply with all instruction issued by the Lender in accordance with the provisions of Section 4.a. hereof directing the disposition of funds in such accounts without further consent by the Borrower or any other Person; and (iii) except for the Borrower's right to select Permitted Investments to the extent specified in Section 3 hereof, the Cash Management Bank shall not honor any request of Borrower for the withdrawal, transfer or other disposition of any funds, investment property or other assets on deposit or credited to any Collateral Account without the express prior consent of Lender. The Cash Management Bank has not and will not without Lender's prior express written consent enter into any agreement or understanding with any other Person relating to the Collateral Accounts. For purposes of perfecting the Lender's security interest, the Cash Management Bank confirms that any property (including, without limitation, Permitted Investments) held by it is held as agent for the Lender.

c. **DESIGNATION OF SERVICER.** Borrower and Cash Management Bank each hereby acknowledge that Lender has appointed and designated GMAC Commercial Mortgage Corporation (SERVICER), as agent of Lender, to administer and service the Loan and to exercise Lender's rights under this Agreement and the Loan Agreement. Lender may appoint and designate a replacement servicer to execute Lender's rights with respect to the Collateral Accounts at any time by delivering a notice of such replacement, on or prior to the effective date of such replacement, to Borrower and Cash Management Bank and Borrower and Cash Management Bank shall recognize such replacement.

5. ACCOUNT FEES; WAIVER OF SET-OFF AND LIENS; ADVERSE CLAIMS.

a. **ACCOUNT FEES.** The Borrower hereby agrees to pay the Cash Management Bank reasonable compensation for the services to be rendered hereunder, as such fees are identified in SCHEDULE 2. Borrower shall separately pay the fees and expenses

identified in the invoice and Cash Management Bank shall not charge the Collateral Accounts for such fee.

b. **WAIVER OF CLAIMS.** In no event shall Cash Management Bank obtain whether by agreement, operation of law or otherwise a security interest in any of the Collateral Accounts or any security entitlement or funds credited thereto, and to the extent permitted by applicable law, Cash Management Bank hereby agrees that such security interest shall be null and void. To the extent any such security interest arises by operation of law and cannot be waived, the Cash Management Bank hereby subordinates such security interest to the security interest of the Lender. Cash Management Bank hereby waives all existing and future claims, rights of set-off and liens, including, without limitation, banker's liens, against the Collateral Accounts and all items and proceeds thereof that come into Cash Management Bank's possession in connection with the Collateral Accounts and all securities entitlements or funds credited thereto; provided, that Cash Management Bank shall have the right to charge the Collateral Accounts for (i) all items deposited in, and credited to, the Collateral Accounts after the date hereof and subsequently returned to Cash Management Bank unpaid; (ii) overdrafts in the Collateral Accounts; (iii) interest on overdrafts in the Collateral Accounts; and (iv) interest and fees on any items deposited in the Collateral Accounts and returned unpaid. If sufficient funds are not available in the account, the Cash Management Bank shall look to the Borrower for immediate reimbursement, and the Borrower shall comply. Upon the indefeasible repayment in full of the Loan and all Indebtedness and the termination of this Agreement, the foregoing waiver of claims, rights of set-off and liens shall terminate.

c. **ADVERSE CLAIMS.** Except for the claims and interest of Lender and of Borrower in the Collateral Accounts, Cash Management Bank does not know of any claim to, or interest in, the Collateral Accounts or in any "financial asset" (as defined in Section 8-102(a) of the UCC) credited thereto. If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Collateral Accounts or in any funds or financial asset carried therein, Cash Management Bank shall promptly notify Lender and Borrower thereof and may thereafter respond to such service in any manner authorized by law or regulation, without further obligation to Lender or Borrower.

6. DEPOSITS; ACCOUNTS RECORDS.

a. **DEPOSITS.** Cash Management Bank shall receive and process, on a daily basis, any deposits presented or sent to Cash Management Bank for deposit in the Collection Account. Cash Management Bank shall send to Servicer and Borrower: (i) copies of daily credit advices specifying all amounts deposited in the Collateral Accounts on a monthly basis as described in Section 6(b) below, (ii) any other advices or reports typically furnished by Cash Management Bank in connection with accounts similar to the Collateral Accounts and (iii) any other reports reasonably requested by Borrower, Lender and Servicer.

b. MONTHLY STATEMENTS. Cash Management Bank shall maintain a record of all transfers to and from the Accounts and furnish to Borrower, Lender and Servicer (i) a monthly statement of the Collateral Accounts and (ii) promptly following request by either Borrower, Lender and Servicer therefor, interim reports on transfers to and from the Collateral Accounts.

c. NOTICE OF INSUFFICIENCY. Cash Management Bank shall notify Borrower, Lender and Servicer promptly in the event that there are insufficient funds on deposit in the Collection Account or the Holding Account to make any of the transfers or withdrawals directed by Lender or Servicer.

7. CASH MANAGEMENT BANK NOT LIABLE; INDEMNITY.

a. NO LIABILITY. The Cash Management Bank shall not be liable for acts or omissions caused by events beyond its reasonable control including, without limitation, fire, casualty, failure of equipment, telecommunications or data processing services, lockout, strike, unavoidable accidents, acts of God, acts of terrorists, riots, war or the issuance or operation of any adverse governmental law, ruling, regulation, order or decree, or an emergency that prevents the Cash Management Bank from operating normally, except for its own gross negligence or willful misconduct. The Cash Management Bank may rely and shall be protected in acting or refraining from acting upon any notice (including, without limitation, electronically confirmed facsimiles of such notice) reasonably believed by the Cash Management Bank in good faith to be genuine and to have been signed or presented by the proper party or parties.

b. INDEMNITY. Borrower shall indemnify, defend and save harmless the Cash Management Bank from all claims, actions, suits, losses, damages, costs, expenses or liability of any nature and type (including the reasonable fees and expenses of outside counsel) arising out of or in connection with its execution and performance of this Agreement, except to the extent that such loss, liability or expense is due to the gross negligence or willful misconduct of the Cash Management Bank, its directors, officers, agents or employees. Anything in this Agreement to the contrary notwithstanding, in no event shall the Cash Management Bank be entitled to or liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits). Cash Management Bank hereby acknowledges that any right of indemnification from Borrower shall be subject and subordinate in all respects to Borrower's obligations to Lender in connection with the Loan.

8. TERMINATION.

a. TERMINATION BY CASH MANAGEMENT BANK. Cash Management Bank may resign from its responsibilities of this Agreement upon thirty (30) days' prior written notice to Lender and Borrower, provided, that in no event shall Cash Management Bank be released of its obligations hereunder unless and until a substitute Cash Management Bank has been designated and assumed the

obligations of Cash Management Bank under this Agreement in writing. Borrower shall use its commercially reasonable efforts to designate such a Cash Management Bank promptly after receipt of notice of resignation from Cash Management Bank and to cause such designated successor promptly to assume the obligations of Cash Management Bank hereunder. Any such replacement Cash Management Bank must be approved by Lender in writing, which, provided such replacement Cash Management Bank is an Approved Bank and executes and delivers to Lender a replacement Account Agreement, such approval shall not be unreasonably withheld, conditioned or delayed. If the Cash Management Bank has resigned and a successor to the Cash Management Bank has not been designated within thirty (30) days after the date of the Cash Management Bank's resignation, all funds in the Cash Management Account, checks payable to the Cash Management Account and other materials received by Cash Management Bank shall be delivered to Lender, or pursuant to Lender's instructions, and the Cash Management Bank shall have no further obligation act hereunder.

b. **TERMINATION BY BORROWER AND LENDER.** This Agreement may be terminated upon delivery to Cash Management Bank of a notice jointly signed by Lender and Borrower and shall automatically terminate upon the indefeasible repayment in full of the Loan and all Indebtedness (as defined in the Security Instrument).

c. **CONTINUING OF OBLIGATIONS.** Upon any termination of this Agreement, Cash Management Bank shall continue to hold all funds then held in the Collateral Accounts, or thereafter presented to Cash Management Bank or received for deposit in the Collateral Accounts, in accordance with this Agreement until Cash Management Bank receives written instructions from each of Lender and, provided no Event of Default has occurred and is then continuing, Borrower, concerning the disposition of such funds. Upon the termination of this Agreement, Cash Management Bank shall transfer all funds and securities held in the Collateral Accounts in accordance with such written instructions of Lender and, provided no Event of Default has occurred and is then continuing, Borrower.

9. MISCELLANEOUS.

a. **NOTICES.** All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by telecopier (with answer back acknowledged), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section and given at least twenty (20) days prior to the effective date of such change of address).

If to Borrower: 731 Office One LLC
c/o Alexander's, Inc.
888 Seventh Avenue
New York, New York 10019
Attention: Ms. Wendy Silverstein
Facsimile: (212) 894-7073
Confirmation No. (212) 894-7000

with a copy (other than account reports and credit advices) to:

Proskauer Rose LLP 1585 Broadway New York, New York 10036-8299 Attention: Ronald D. Sernau, Esq.
Facsimile: (212) 969 2900
Confirmation No.: (212) 969-3000

If to Cash Management Bank:

JP Morgan Chase
ITS - Collateral Management
4 New York Plaza, 13th Floor
New York, New York 10004
Attention: Bruce Vecchio, Vice
President
Facsimile: (212) 623-2802
Confirmation No.: (212) 623-0431

and

If to Lender:

German American Capital Corporation
60 Wall Street
New York, New York 10005
Attention: General Counsel
Facsimile: (212) 250-7210
Confirmation No.: (212) 250-2500

with a copy to:

GMAC Commercial Mortgage Corporation
200 Witmer Road
Horsham, Pennsylvania 19044
Attention: Managing Director, Global
Facsimile: (215) 328-3478
Confirmation No.: (215) 328-1030

with a copy (other than account reports and credit advices) to:

Skadden, Arps, Slate, Meagher & Flom
LLP
Four Times Square
New York, New York 10036-6522
Attention: Harvey R. Uris, Esq.
Facsimile: (212) 735-2000
Confirmation No.: (212) 735-3000

All notices, elections, requests and demands under this Agreement shall be effective and deemed received upon the earliest of (i) the actual receipt (or rejection of receipt) of the same by personal delivery or otherwise, (ii) one

(1) Business Day after being deposited with a nationally recognized overnight courier service as required above, (iii) upon delivery or rejection of delivery after being deposited in the United States mail as required above or (iv) on the day sent if sent by facsimile with confirmation on or before 5:00 p.m. New York time on any Business Day or on the next Business Day if so delivered after 5:00 p.m. New York time or on any day other than a Business Day. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as herein required shall be deemed to be receipt of the notice, election, request, or demand sent.

b. ENTIRE AGREEMENT. This Agreement constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower, Lender and Cash Management Bank.

c. NO WAIVER. No waiver of any term or condition of this Agreement, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged and consented to in writing by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given.

d. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender and Cash Management Bank, their respective successors and permitted assigns.

e. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

f. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original and all of which when taken together shall constitute one binding Agreement.

g. CONFLICTS. To the extent that any agreements other than the Loan Agreement, currently existing, are inconsistent with this Agreement, this Agreement shall supersede any other agreement relating to the matters referred to herein. In the event of a conflict between the terms and conditions of this Agreement and the

terms and conditions of the Loan Agreement, the terms and conditions of the Loan Agreement shall control.

h. SEVERABILITY. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Agreement.

i. FURTHER ASSURANCES. Borrower agrees that at any time and from time to time, at the reasonable expense of Borrower, Borrower will promptly execute and deliver all further instruments and documents and take all further action, that may be reasonably necessary or desirable, or that Lender may reasonably request, in order to perfect and protect any security interest granted or purported to be granted in the Loan Agreement, including, without limitation, any security interests in and to any Permitted Investments, or to enable Lender to exercise and enforce its rights and remedies under the Loan Agreement or hereunder with respect to any Account Collateral.

j. RELIANCE. The Cash Management Bank may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Cash Management Bank shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Cash Management Bank shall have no duty to solicit any payments which may be due it hereunder.

k. COMMUNICATION. In the event funds transfer instructions are given (other than in writing at the time of execution of the Agreement), whether in writing, by telecopier or otherwise, the Cash Management Bank is authorized to seek confirmation of such instructions by telephone call-back, and the Cash Management Bank may rely upon the confirmations of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Cash Management Bank. The parties to this Agreement acknowledge that such security procedure is commercially reasonable.

l. ACCOUNT NUMBERS. It is understood that the Cash Management Bank and the Lender's bank, with respect to any funds transfer, may rely solely upon any account numbers or similar identifying number provided by either of the other parties hereto to identify (i) the Lender, (ii) the Lender's bank, or (iii) an intermediary bank. The Cash Management Bank may apply any of the reserved funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank, or an intermediary bank designated.

m. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

n. JURY TRIAL WAIVER. EACH OF BORROWER, LENDER AND CASH MANAGEMENT BANK, FOR ITSELF AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER IT, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH OF BORROWER, LENDER AND CASH MANAGEMENT BANK HEREBY AGREES AND CONSENTS THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER, LENDER AND CASH MANAGEMENT BANK ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE OTHER EXECUTING THIS AGREEMENT AND LENDER MAKING THE LOAN. THIS WAIVER SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

o. ADDITIONAL CASH MANAGEMENT BANK PROVISIONS.

i. The duties and responsibilities of the Cash Management Bank hereunder shall be determined solely by the express provisions of this Agreement, and no other or further duties or responsibilities shall be implied. The Cash Management Bank shall not have any liability under, nor duty to inquire into the terms and provisions of any agreement or instructions, other than outlined in the Agreement. Cash Management Bank shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. The Cash Management Bank may execute any of its powers and perform any of its duties hereunder directly or through agents or attorneys (and shall be liable only for the careful selection of any such agent or attorney) and may consult with counsel, accountants and other skilled persons to be selected and retained by it. In the event that the Cash Management Bank shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by all of the other parties hereto or by a final order or judgment of a court of competent jurisdiction.

ii. Any corporation into which the Cash Management Bank in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Cash Management Bank in its individual capacity shall be a party, or any corporation to which substantially all the corporate trust business of the Cash Management Bank in its individual capacity may be transferred, shall be the Cash Management Bank under this Agreement without further act.

iii. The parties hereto acknowledge that the foregoing indemnities in Section 7(b) shall survive the resignation or removal of the Cash Management Bank or the termination of this Agreement.

iv. The Borrower represents that the correct Taxpayer Identification Number of 731 Office One LLC is 06-1716800. All interest or other income earned under this Agreement shall be allocated to Borrower and reported by Alexander's Inc. to the Internal Revenue Service. Notwithstanding such written directions, Cash Management Bank shall report and, as required, withhold any taxes as it determines may be required by any law or regulation in effect at the time of the distribution. In addition, Cash Management Bank shall withhold any taxes required by applicable law and shall remit such taxes to the appropriate authorities.

v. The person executing this Agreement on its party's behalf has been duly and properly authorized to do so.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Borrower, Cash Management Bank and Lender have duly executed this Account Agreement as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

CASH MANAGEMENT BANK:

JP MORGAN CHASE, a New York banking
organization

By: /s/ Sylvia Gosha

Name: Sylvia Gosha

Title: Assistant Vice President

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION,
a Maryland corporation

By: /s/ Christopher Tognola

Name: Christopher Tognola
Title: Vice President

By: /s/ Thomas R. Traynor

Name: Thomas R. Traynor
Title: Authorized Signatory

SCHEDULE 1A

COLLECTION ACCOUNT

"731 Office One LLC f/b/o German American Capital Corporation, as secured party, Collection Account" (Account Number 323962033).

Schedule 1A

SCHEDULE 1B

HOLDING ACCOUNT AND SUBACCOUNTS

"731 Office One LLC f/b/o German American Capital Corporation, as secured party, Holding Account" (Account Number 323962025) and the following sub-accounts of the Holding Account:

- i. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Debt Service Reserve Account" (Account Number 323962025-01);
- ii. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Tax Reserve Account" (Account Number 323962025-02);
- iii. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Insurance Reserve Account" (Account Number 323962025-03);
- iv. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Structural Reserve Account" (Account Number 323962025-04);
- v. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Proceeds Reserve Account" (Account Number 323962025-05);
- vi. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Alterations Reserve Account" (Account Number 323962025-06);
- vii. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Operating Expense Reserve Account" (Account Number 323962025-07);
- viii. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Additional Debt Service Reserve Account" (Account Number 323962025-08); and
- ix. "731 Office One LLC f/b/o German American Capital Corporation, as secured party, Cash Trap Reserve Account" (Account Number 323962025-09).

Schedule 1B

SCHEDULE 2

[JP MORGAN LOGO]

SCHEDULE OF FEES FOR SERVICES RELATED TO THE

731 OFFICE ONE LLC AND GERMAN AMERICAN CAPITAL CORPORATION ACCOUNT AND CONTROL AGREEMENT

I. INITIAL FEE Waived

This fee covers the acceptance of the appointment, commenting on the agreement and supporting documentation, setting up Master Demand Deposit Account(s) and appropriate Sub-Accounts. Payable upon closing.

II. MONTHLY ADMINISTRATION FEE \$1,500

Covers the normal administration of the transaction including the monitoring of the cash flows and the maintenance of the accounts and sub-accounts as described in the transaction documents. Payable each month in advance.

III. ACTIVITY FEES (AS APPLICABLE):

Wire Transfer Fees: \$25 per wire, in excess of 10 Investment Fees: Waived*

*Investment Processing Fees are waived if funds are maintained in the JPMorgan Cash Escrow Service. If applicable, and unless instructed otherwise, all funds shall be maintained as a Cash Escrow deposit on the Trust Ledger of JPMorgan Chase Bank. The JPMorgan Chase Trust Cash Escrow service has a return rate, based upon the average daily balance maintained during each month, of LIBOR less 50 basis points.

IV. LEGAL FEES / OUT-OF-POCKET EXPENSES AT COST

It is not our intention to utilize counsel. However, to the extent that counsel is deemed necessary, their fees and expenses will be passed on at cost. Out-of-pocket expenses, if applicable, will be billed at cost, including but not limited to, telephone, faxes, postage, stationary, delivery expenses, etc.

FEE SCHEDULE ASSUMPTIONS:

1. JPMorgan Chase Bank is not responsible for providing tax reporting services.
2. A Demand Deposit Account will be established to receive funds from a Commercial Property.
3. JPMorgan Chase Bank may receive instructions from a Servicer, acceptable to us.
4. Lockbox arrangements, if applicable, will be established through the JPMorgan Chase Bank Treasury Services Group. The fees for the lockbox will be in addition to those quoted above and agreed upon between the Borrower and the Treasury Services Group.

IMPORTANT NOTE: TO HELP IN THE FIGHT AGAINST THE FUNDING OF TERRORISM AND MONEY LAUNDERING ACTIVITIES WE ARE REQUIRED ALONG WITH ALL FINANCIAL INSTITUTIONS TO OBTAIN, VERIFY, AND RECORD INFORMATION THAT IDENTIFIES EACH PERSON WHO OPENS AN ACCOUNT. WHEN YOU OPEN AN ACCOUNT, WE WILL ASK FOR INFORMATION THAT WILL ALLOW US TO IDENTIFY YOU.

Schedule 2

**MANAGER'S CONSENT AND SUBORDINATION
OF MANAGEMENT AGREEMENT**

This MANAGER'S CONSENT AND SUBORDINATION OF MANAGEMENT AGREEMENT, is made as of February 13, 2004 (this AGREEMENT), by 731 OFFICE One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, and ALEXANDER'S MANAGEMENT LLC, a New York limited liability company (MANAGER), having an address at 888 Seventh Avenue, New York, New York 10019, to and for the benefit of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an address at 60 Wall Street, New York, New York 10005.

WITNESSETH:

WHEREAS, Borrower is the owner of a fee simple interest in the real property commonly known as Office Unit 1 and Office Unit 2 of the Beacon Court Condominium located at 731 Lexington Avenue, New York, New York, and more particularly described on Exhibit A attached hereto and incorporated herein (the PROPERTY);

WHEREAS, on the date hereof, in accordance with the terms of a Loan and Security Agreement, dated as of the date hereof (as the same may be amended and supplemented from time to time, the LOAN AGREEMENT), between Lender, as lender, and Borrower, as borrower, Lender is making a loan to Borrower in the principal amount of \$400,000,000 (the LOAN), which Loan is evidenced by that certain Amended, Restated and Consolidated Note, dated as of the date hereof (as the same may be amended, substituted, replaced, exchanged and supplemented from time to time, the NOTE), made by and between Borrower and Lender and secured by that certain Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits, dated as of the date hereof (as the same may be amended and supplemented from time to time, the SECURITY INSTRUMENT), by and between Borrower and Lender and the other Loan Documents (as defined in the Loan Agreement);

WHEREAS, Manager has been retained by Borrower to act as the manager of the Properties and will derive substantial benefit from the making of the Loan;

WHEREAS, as a condition to making the Loan, Lender has required Borrower and Manager to deliver this Agreement for the benefit of Lender; and

WHEREAS, the forgoing recitals are intended to form an integral part of this Agreement.

NOW, THEREFORE, in consideration of the Loan, foregoing premises, Ten Dollars (\$10.00) paid in hand, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Manager agree as follows:

Section 1. Definitions.

(a) The following terms shall have the meaning ascribed thereto:

Agreement: Shall have the meaning provided in the first paragraph.

Borrower: Shall have the meaning provided in the first paragraph.

Lender: Shall have the meaning provided in the first paragraph.

Loan: Shall have the meaning provided in the Recitals.

Loan Agreement: Shall have the meaning provided in the Recitals.

Management Agreement: Shall mean that certain Management Agreement between Borrower and Manager dated of even date herewith.

Manager: Shall have the meaning provided in the first paragraph.

Note: Shall have the meaning provided in the Recitals.

Security Instrument: Shall have the meaning provided in the Recitals.

(b) Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement, unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Agreement, unless otherwise indicated.

Section 2. Assignment of Management Agreement. Borrower hereby conditionally transfers, assigns and delivers unto Lender, and grants Lender a security interest in, all of its right, title and interest in and to, but none of its obligations under, the Management Agreement, said transfer and assignment to automatically become a present, unconditional assignment, at Lender's election by written notice to the Borrower, upon the occurrence and during the continuance of an Event of Default. Manager hereby consents to the assignment set forth in this paragraph. Notwithstanding the foregoing, upon notice to Borrower and Manager transmitted after the occurrence and during the continuance of an Event of Default, the foregoing assignment and transfer shall automatically become a present, unconditional assignment, at Lender's option.

Section 3. Subordination of Management Agreement to Lien of Security Instrument.

(a) Subordination of Rights. Any and all liens, rights and interests, whether choate or inchoate and including, without limitation, all mechanic's and materialman's liens, owned, claimed or held, or to be owned, claimed or held, by Manager pursuant to the Management Agreement in and to the Properties, are and shall be, and are hereby made, in all respects subordinate, subject and inferior to the liens and security interests created or to be created for the benefit of Lender, its successors and assigns, and securing the repayment and performance of the Obligations. Any indemnification or other rights or claims of Manager against Borrower under or in connection with the Management Agreement shall be fully subordinated to the Obligations.

(b) Governed by Loan Documents. Manager agrees that until such time as the Indebtedness has been repaid in full, the terms and provisions of this Agreement and the other Loan Documents shall be superior to the terms and provisions of the Management Agreement with respect to the payment of any management fees thereunder and termination of the Management Agreement, and to the extent that there are any inconsistencies between the Management Agreement and this Agreement and the Loan Documents with respect to such terms and provisions, the terms, provisions and conditions in this Agreement and the Loan Documents shall govern in all respects. In the event of any inconsistency between the terms of this Agreement and the terms of the Loan Agreement, the terms of the Loan Agreement shall prevail. Without limiting the preceding sentence, nothing in this Agreement shall modify the terms of the Loan Agreement which (a) permit Borrower to amend, modify, cancel or terminate the Management Agreement, (b) do not require a written management agreement and (c) permit Borrower to replace Manager with a Qualified Manager in accordance with the terms of the Loan Agreement.

Section 4. Obligations and Rights of Lender.

(a) Lender Not Obligated Under Management Agreement. Manager agrees that, except as provided in this Section, nothing in this Agreement shall impose upon Lender, and Lender shall not have, any obligation for payment or performance in favor of Manager with respect to the Management Agreement or the Property. In the event that Lender notifies Manager in writing after the occurrence and during the continuance of an Event of Default that Lender has elected to assert Borrower's rights under the Management Agreement, Lender shall pay Manager the sums due Manager under the terms of the Management Agreement for the period commencing on the effective date of Lender's notice to Manager and ending on the expiration date or earlier termination of the Management Agreement.

(b) Continued Performance by Manager. Upon the occurrence and during the continuance of an Event of Default, Manager shall, at the request of Lender, continue performance, on behalf of Lender, of all of Manager's obligations under the terms of the Management Agreement with respect to the Property, provided that Lender gives Manager the notice provided for in this Section and Lender or Borrower performs or causes to be performed the obligations of Borrower to Manager under the

Management Agreement accruing or arising from and after, and with respect to the period commencing upon, the effective date of such notice.

(c) Right to Terminate. Notwithstanding anything contained in the Management Agreement to the contrary, Lender, or Borrower at Lender's direction, shall have the right to terminate the Management Agreement

(i) upon, or at any time after the occurrence and during the continuance of a monetary Event of Default, (ii) with respect to any Manager that is not an Affiliate of Borrower, upon, or at any time after the occurrence and during the continuance of a material default (as determined by Lender in its sole and absolute discretion) under the terms of the Management Agreement, (iii) upon, or at any time after, a forty-nine percent (49%) or more change in control of the ownership of Manager, unless Manager is a publicly traded company or a direct or indirect wholly owned subsidiary of such publicly traded company (to the extent such change in control in excess of forty-nine percent (49%) or more results in a change in control of forty-nine percent (49%) or more in the publicly traded company), (iv) at any time following the Manager becoming insolvent, or (v) at any time following any act of gross negligence, fraud, misapplication of funds, violation of the standard of care, or any other violation of its duties pursuant to the Management Agreement beyond applicable notice and grace periods, if any, thereunder, by giving Manager thirty (30) days prior written notice of such termination, in which event Manager shall resign as manager of the Property effective upon the end of such thirty (30) day period.

(d) No Joint Venture. Lender has no obligation to Manager with respect to the Loan and Manager shall not be a third party beneficiary with respect to any of Lender's obligations to Borrower set forth in the Loan Documents. The relationship of Lender to Borrower is one of a creditor to a debtor, and Lender is not a joint venturer or partner of Borrower or Manager.

Section 5. Manager's Representations. Manager warrants and represents to Lender that the following are true, complete and correct:

(i) Manager has agreed to act as property manager of the Property pursuant to the Management Agreement.

(ii) A true, correct and complete copy of the Management Agreement is attached as Exhibit B.

(iii) The Management Agreement is in full force and effect and has not been amended, modified or supplemented.

(iv) The entire agreement between Manager and Borrower for the management of the Property is evidenced by the Management Agreement.

(v) The Management Agreement constitutes the legal, valid and binding agreement of Manager, enforceable against Manager in accordance with its terms.

- (vi) Manager is qualified and has full power and authority to perform all of its obligations under the Management Agreement and this Agreement.
- (vii) Neither Manager nor, to Manager's best knowledge, Borrower is in default in the performance of any of their respective obligations under the Management Agreement and there is no condition which, with the giving of notice and/or the passing of time, would constitute a default under the Management Agreement.
- (viii) Except for sums not currently due and payable that have been incurred in the ordinary course of business of the operation of the Property, no amounts are due to Manager under the Management Agreement on the date hereof.
- (ix) Manager has not assigned, pledged or otherwise transferred or subcontracted its rights and/or obligations under the Management Agreement.
- (x) Manager has all permits, licenses and other governmental authorizations necessary for it to perform its obligations under the Management Agreement.
- (xi) Manager has received and reviewed a copy of the Loan Agreement.

Section 6. Manager's Agreements.

- (a) Notice of Default. Manager shall give Lender prompt written notice of any other default beyond applicable grace and cure periods by Borrower under the Management Agreement.
- (b) No Termination of Management Agreement. Manager shall not terminate the Management Agreement without first obtaining Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Manager shall have the right to terminate the Management Agreement for default by Borrower beyond applicable grace and cure periods with respect to non-payment of the management fee due thereunder by giving Lender ten (10) days' prior written notice of such termination. In the event Lender shall cure such non-payment default in the aforesaid ten (10) day period, then any such termination notice shall be deemed to void and of no further force or effect.
- (c) No Claim Against Lender. Manager shall not look to, or make any claim against, Lender for payment of any accrued but unpaid fees, including, without limitation, any termination fees, relating to the Property or the Management Agreement pursuant to this Agreement or otherwise.

(d) No Amendments. Manager shall not terminate or materially amend or modify the Management Agreement without the prior written consent of Lender, not to be unreasonably withheld, delayed or conditioned. In the event Manager fails to secure such approval, the Management Agreement shall, for the purposes of Manager's obligations to Lender pursuant to this Agreement, including Manager's aforesaid obligation to continue performance thereunder for Lender's benefit pursuant to the terms of this Agreement, be deemed not to have been modified by such amendment.

(e) Delivery of Rent Roll and Service Contracts. Without duplication of any items actually delivered by Borrower, when such delivery is required, pursuant to Article XI of the Loan Agreement, within ten

(10) business days of a request from Lender, such request not to be made more than once per calendar month, Manager shall furnish to Lender a current rent roll of all tenants of the Property, including a list of which tenants are in default under their respective Leases, and a schedule of all other entities with whom Manager has entered into contracts or other agreements relating to the Property, together with copies of all such Leases, contracts or agreements. Without duplication of any items actually delivered by Borrower, when such delivery is required, pursuant to Article XI of the Loan Agreement, Manager shall furnish Lender with copies of all reports, budgets and other information that Borrower is entitled to receive under the Management Agreement. Upon reasonable advance notice from Lender and during normal business hours, Manager shall cooperate with Lender's representative in any inspection of the Property, subject in all instances to the rights of Tenants and provided that neither Lender nor any such Persons shall unreasonably interfere with the operation of business on the Property.

Section 7. Assignment of Rents and Leases. Manager acknowledges that, in connection with the Loan, Borrower has pledged and assigned to Lender pursuant to the Loan Documents, among other things, all of Borrower's right, title and interest in and to all of the Leases now or hereafter affecting the Property, including, without limitation, any of Borrower's rights in and to any Security Deposits thereunder. To the extent permitted under applicable law, Manager shall deliver to Lender for application in accordance with the terms and conditions of the Loan Documents, all proceeds relating to the Property from time to time being held by Manager and all Rents, Security Deposits and other proceeds received from and after the date hereof from any and all Tenants or other parties occupying or using any portion of the Property.

Section 8. Borrower Consent. Borrower has joined herein to evidence its consent to all the covenants, acknowledgments and agreements of Manager contained in this Agreement.

Section 9. Miscellaneous.

(a) Assignment. Lender shall have the right to transfer, sell and assign its interest in this Agreement to any Person.

(b) Further Assurances. Borrower and Manager shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all

documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or intended to be created under this Agreement, to protect and further the validity, priority and enforceability of this Agreement or otherwise carry out the purposes of this Agreement and the transactions contemplated thereunder.

(c) Notices. Any notice, election, request, demand, report or statement which by any provision of this Agreement is required or permitted to be given or served hereunder shall be in writing and shall be given or served (i) by certified mail return receipt requested, postage prepaid or (ii) in the manner required by the Loan Agreement provided that any such notice shall be given to the Manager at the address set forth herein in the recitals.

(d) Entire Agreement. This Agreement constitutes the entire and final agreement between Borrower, Manager and Lender with respect to the subject matter hereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower, Manager and Lender.

(e) No Waiver. No waiver of any term or condition of this Agreement, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No delay on Lender's part in exercising any right, power or privilege under this Agreement or any other Loan Document shall operate as a waiver of any privilege, power or right hereunder.

(f) Successors and Assigns. This Agreement shall be binding upon Borrower and Manager and their respective successors and assigns and shall inure to the benefit of Lender and its successors and permitted assigns. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder and under the other Loan Documents shall be joint and several.

(g) Captions. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Agreement.

(i) Severability. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Agreement.

(j) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW RULES. EACH OF BORROWER AND MANAGER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT SHALL BE BROUGHT IN THE COURTS

OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENT TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER OR MANAGER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THIS AGREEMENT. EACH OF BORROWER AND MANAGER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

(k) JURY TRIAL WAIVER. EACH OF LENDER, BORROWER AND MANAGER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER IT, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF BORROWER, MANAGER OR LENDER WITH RESPECT TO THIS AGREEMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH OF LENDER, BORROWER AND MANAGER HEREBY AGREES AND CONSENTS THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF LENDER, BORROWER AND MANAGER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND EACH OF BORROWER AND MANAGER ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

(l) Counterclaims and Other Actions. Each of Borrower and Manager hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Agreement, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Agreement and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

(m) Termination of Agreement. Except as set forth in Section 9(k), this Agreement shall terminate upon full repayment of the Loan and all Indebtedness.

(n) Non-Recourse. Recourse with respect to any claims arising under or in connection with this Agreement shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Agreement.

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IN WITNESS WHEREOF, Borrower and Manager have duly executed this Manager's Consent and Subordination of Management Agreement as of the date first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

MANAGER:

ALEXANDER'S MANAGEMENT LLC, a New York
limited liability company

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION, a
Maryland corporation

By: /s/ Christopher Tognola

Name: Christopher Tognola
Title: Vice President

By: /s/ Thomas R. Traynor

Name: Thomas R. Traynor
Title: Authorized Signatory

EXHIBIT A

(Office Unit 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(Office Unit 2)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

EXHIBIT B

COPY OF MANAGEMENT AGREEMENT

(see attached)

PROMISSORY NOTE A-X

New York, New York
\$86,000,000 (initial and maximum notional amount) February 13, 2004

PROMISSORY NOTE A-X, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) this Promissory Note A-X, in the notional principal amount of \$86,000,000; (ii) that certain Promissory Note A-1, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$90,000,000 (NOTE A-1); (iii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iv) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (v) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the interest and other fees, expenses and charges provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

BORROWER shall have the meaning provided in the first paragraph hereof.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of Note B becomes due and payable as provided in the Loan Agreement or Note B, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2014 and continuing to and including the Maturity Date.

NOTIONAL AMOUNT shall mean \$86,000,000 or so much of the aggregate principal amount that is outstanding under Note B from time to time.

STATED INTEREST RATE shall mean the rate of 00.11875% per annum.

2. INTEREST.

a. From and after the Anticipated Repayment Date, interest shall accrue on the Notional Amount at the Stated Interest Rate.

b. Interest on the Notional Amount shall be calculated based on the Stated Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on the Anticipated Repayment Date.

c. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS.

a. Commencing on April 1, 2014 and on each and every Payment Date thereafter until the Maturity Date, Borrower shall pay to Lender interest accruing hereunder for the entire Interest Period immediately preceding the month in which said Payment Date occurs. There shall be no required payments of principal under this Note.

b. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

c. All amounts advanced by Lender pursuant to the Loan Documents, other than the principal amount of the Loan, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by

Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

d. All unpaid accrued interest, all interest that would accrue on the Notional Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

e. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

f. All amounts due under this Note shall be due and payable in lawful money of the United States.

g. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. MISCELLANEOUS.

a. WAIVER. Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

- b. **NON-RECOURSE.** Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.
- c. **NOTE SECURED.** This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.
- d. **NOTICES.** Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.
- e. **ENTIRE AGREEMENT.** This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.
- f. **NO WAIVER.** No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.
- g. **SUCCESSORS AND ASSIGNS.** This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.
- h. **CAPTIONS.** All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.
- i. **COUNTERPARTS.** This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.
- j. **SEVERABILITY.** The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole

or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF

THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

NOTE EXCHANGE AGREEMENT

THIS NOTE EXCHANGE AGREEMENT (this "AGREEMENT") made as of the 13 day of February, 2004, by and between 731 OFFICE One LLC, a Delaware limited liability company (BORROWER), having an office at c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019 and German American Capital Corporation, a Maryland corporation (together with its successors and assigns, "LENDER"), having an address at 60 Wall Street, New York, New York 10005.

WITNESSETH:

WHEREAS, Lender is (a) the lawful owner and holder of that certain Amended Restated and Consolidated Note, dated as of February __, 2004, made by Borrower in favor of Lender (the "ORIGINAL NOTE"), (b) the lender under that certain Loan and Security Agreement, dated as of February __, 2004, as amended, between Borrower and Lender (the "LOAN AGREEMENT") and (c) the mortgagee under the Security Instrument (as defined in the Loan Agreement);

WHEREAS, the total aggregate original principal amount of the Original Note is Four Hundred Million Dollars (\$400,000,000); and

WHEREAS, Lender, as the holder of the Original Note, and Borrower, as the Borrower under the Original Note, have agreed, that the indebtedness evidenced by the Original Note shall be exchanged and replaced in its entirety for indebtedness evidenced by four (4) separate newly issued notes as follows:

(a) a Promissory Note A-1 to be dated as of the date hereof in the original principal amount of Ninety Million and No/100 Dollars (\$90,000,000) ("NOTE A-1") and issued in favor of German American Capital Corporation;

(b) a Promissory Note A-2 to be dated as of the date hereof in the original principal amount of Ninety Five Million and No/100 Dollars (\$95,000,000) ("NOTE A-2") and issued in favor of German American Capital Corporation;

(c) a Promissory Note A-3 to be dated as of the date hereof in the original principal amount of Thirty Five Million and No/100 Dollars (\$35,000,000) ("NOTE A-3") and issued in favor of German American Capital Corporation;

(d) a Promissory Note A-4 to be dated as of the date hereof in the original principal amount of Ninety Four Million and No/100 Dollars (\$94,000,000) ("NOTE A-4") and issued in favor of German American Capital Corporation;

(e) a Note A-X to be dated as of the date hereof in the original notional amount of Eighty Six Million and No/100 Dollars (\$86,000,000) ("NOTE A-X") and issued in favor of German American Capital Corporation; and

(f) a Promissory Note B to be dated as of the date hereof in the original principal amount of Eighty Six Million and No/100 Dollars (\$86,000,000) ("NOTE B") and issued in favor of German American Capital Corporation.

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

1. On and after the date hereof, the principal indebtedness of Four Hundred Million Dollars (\$400,000,000) evidenced by the Original Note, of which \$400,000,000 is outstanding, shall be, and hereby is, exchanged and replaced in its entirety for the following:

(i) A principal indebtedness of Ninety Million and No/100 Dollars (\$90,000,000) to be evidenced by Note A-1, which Note A-1 will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith;

(ii) A principal indebtedness of Ninety Five Million and No/100 Dollars (\$95,000,000) to be evidenced by Note A-2, which Note A-2 will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith;

(iii) A principal indebtedness of Thirty Five Million and No/100 Dollars (\$35,000,000) to be evidenced by Note A-3, which Note A-3 will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith;

(iv) A principal indebtedness of Ninety Four Million and No/100 Dollars (\$94,000,000) to be evidenced by Note A-4, which Note A-4 will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith;

(v) A notional indebtedness of Eighty Six Million and No/100 Dollars (\$86,000,000) to be evidenced by Note A-X, which Note A-X will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith; and

(vi) A principal indebtedness of Eighty Six Million and No/100 Dollars (\$86,000,000) to be evidenced by Note B, which Note B will be executed and delivered by Borrower to German American Capital Corporation simultaneously herewith.

2. Note A-1, Note A-2, Note A-3, Note A-4, Note A-X and Note B (collectively, the "Replacement Notes") will be executed and delivered simultaneously herewith, in complete substitution and replacement for the Original Note and the Original Note shall be tendered by Lender to the Borrower in exchange therefor. The principal indebtedness evidenced by the Replacement Notes is, in the aggregate, equal to the principal indebtedness evidenced by the Original Note and continues to be secured by the Security Instrument.

3. Nothing contained in this Agreement or the Replacement Notes shall be deemed to, alter the indebtedness evidenced by the Original Note which, pursuant to this Agreement, is replaced with the Replacement Notes and continues to be secured by the Security Instrument. Additionally, nothing contained in this Agreement or the Replacement Notes shall be deemed a novation of the indebtedness evidenced by the Original Note, which, pursuant to this Agreement, is replaced in its entirety with the Replacement Notes and shall continue to be secured by the Security Instrument.

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

[NO FURTHER TEXT ON THIS PAGE]

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

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION, a
Maryland corporation

By: /s/ Christopher Tognola

Name: Christopher Tognola
Title: Vice President

By: /s/ Thomas R. Traynor

Name: Thomas R. Traynor
Title: Authorized Signatory

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

PROMISSORY NOTE A-1

New York, New York
\$90,000,000.00 February 13, 2004

PROMISSORY NOTE A-1, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February [], 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) this Promissory Note A-1, in the principal amount of \$90,000,000; (ii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iii) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (iv) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); (v) that certain Promissory Note A-X, dated as of the date hereof, made by Borrower in favor of Lender, in the notional principal amount of \$86,000,000 (NOTE A-X); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B);

WHEREAS, this Note, individually, evidences a portion of the Loan in the principal amount of NINETY MILLION DOLLARS (\$90,000,000); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

A-1 A NOTE PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the sum of the principal amounts of this Note, the A-2 Note, the A-3 Note and the A-4 Note.

A-1 LOAN PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the outstanding aggregate principal amount of the Loan.

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean [March] 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by the

Mortgage Notes and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean [March] 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

MORTGAGE NOTES shall mean, collectively, this Note, Note A-2, Note A-3, Note A-4, Note A-X, Note B and any amendments, restatements or replacements of any thereof.

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-X shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on [April] 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on [December] 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall mean \$90,000,000 or so much of the aggregate principal amount that is outstanding under this Note from time to time.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, (i) with respect to each Interest Period prior to the Anticipated Repayment Date, the rate of interest set forth on Exhibit A hereto for such Interest Period, as such rate may be modified in accordance with Section 4(f) and (ii) with respect to each Interest Period from and after the Anticipated Repayment Date,
[]% per annum.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on [March] 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including [February 29], 2004 shall be paid on the date hereof; and

ii. commencing on [April] 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest and principal payable on this Note, in arrears, in the amounts (the MONTHLY AMOUNTS) set forth on Exhibit A hereto (subject to adjustment as provided in Section 4(f)), to be applied first, to interest accrued at the Applicable Interest Rate and second, to principal.

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of the Monthly Amounts on each Payment Date. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied to repayment of the Loan on each

Payment Date and the A-1 Loan Proportionate Share thereof shall be applied as a partial prepayment of the outstanding Principal Amount. Deferred Interest shall be payable after all principal and other amounts due hereunder have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. VOLUNTARY PREPAYMENTS. Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount on any Business Day occurring after the expiration of the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the PREPAYMENT NOTICE) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the PREPAYMENT DATE); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of .

b. DEFEASANCE. From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. MANDATORY PREPAYMENTS.

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use such Proceeds to prepay the outstanding principal balance of the Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.

ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under the Note, the Loan Agreement, the Security Instrument, and the other Loan Documents;

iii. Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and

iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.

e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAID DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL

AMOUNT BEING REPAYED HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY PREPAYMENTS FROM PROCEEDS.

f. MODIFICATION OF MONTHLY AMOUNTS.

i. In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date (other than in connection with an acceleration of the Loan), the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts (including the Stated Interest Rate applicable thereto) to reflect the reduction of the Principal Amount, based on the following:

(A) the amount of principal payable with respect to each Interest Period shall be adjusted to reflect the same proportionate amortization for each remaining Interest Period as in effect prior to such modification, assuming a twenty-five year amortization schedule, taking into account the reduction in the Principal Amount; and

(B) the Stated Interest Rate for each Interest Period shall be re-calculated based on the A-1 Proportionate Share of an amount equal to (x) the interest that would be payable on a loan in the aggregate notional principal amount of the Loan, assuming an interest rate of []% per annum, less (y) the interest that would actually be payable on the outstanding principal amount of Note B, assuming an interest rate thereon of []% (in each case, after giving effect to all scheduled payments and prepayments of principal with respect to this Note, Note A-2, Note A-3, Note A-4 and Note B).

ii. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date (other than in connection with an acceleration of the Loan) or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same, Lender shall recalculate the amount of subsequent Monthly Amounts and the Stated Interest Rate to reflect the reduction of the Principal Amount (as described in clause (i) above) and Lender shall take into account the reduction of the Monthly Amounts when applying payments against interest and principal. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts.

5. MISCELLANEOUS.

a. **WAIVER.** Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. **NON-RECOURSE.** Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. **NOTE SECURED.** This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. **NOTICES.** Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. **ENTIRE AGREEMENT.** This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. **NO WAIVER.** No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. **SUCCESSORS AND ASSIGNS.** This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of

this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED

OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

PROMISSORY NOTE A-2

New York, New York
\$95,000,000.00 February 13, 2004

PROMISSORY NOTE A-2, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) that certain Promissory Note A-1, in the principal amount of \$90,000,000 (NOTE A-1); (ii) this Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000; (iii) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (iv) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); (v) that certain Promissory Note A-X, dated as of the date hereof, made by Borrower in favor of Lender, in the notional principal amount of \$86,000,000 (NOTE A-X); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B);

WHEREAS, this Note, individually, evidences a portion of the Loan in the principal amount of NINETY-FIVE MILLION DOLLARS (\$95,000,000); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

A-2 PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the outstanding aggregate principal amount of the Mortgage Notes.

A NOTE PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the sum of the principal amounts of this Note, the A-1 Note, the A-3 Note and the A-4 Note.

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by the

Mortgage Notes and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

MORTGAGE NOTES shall mean, collectively, this Note, Note A-1, Note A-3, Note A-4, Note A-X, Note B and any amendments, restatements or replacements of any thereof.

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-X shall have the meaning provided in the Recitals to this Note.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on December 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall mean \$95,000,000 or so much of the aggregate principal amount that is outstanding under this Note from time to time.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, with respect to each Interest Period, the rate of interest set forth on EXHIBIT A hereto for such Interest Period.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated

Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on March 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including February 29, 2004 shall be paid on the date hereof; and

ii. commencing on April 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest payable on this Note, in arrears, and scheduled principal amortization in the amounts (the MONTHLY AMOUNTS) set forth on EXHIBIT A hereto (subject to adjustment as provided in Section 4(f)).

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of accrued interest and Monthly Amounts on each Payment Date. >From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied to repayment of the Loan on each Payment Date and the A Note Proportionate Share thereof shall be applied as a partial prepayment of the outstanding Principal Amount. Deferred Interest shall be payable after all principal and other amounts due under the Loan have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. **VOLUNTARY PREPAYMENTS.** Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount on any Business Day occurring after the expiration of the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the **PREPAYMENT NOTICE**) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the **PREPAYMENT DATE**); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. In connection with any voluntary prepayment, other than payments from Excess Cash Flow as set forth in Section 3(b), Borrower shall concurrently repay all of the other Indebtedness in full.

iv. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of Section 3(b) hereof.

b. **DEFEASANCE.** From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. **MANDATORY PREPAYMENTS.**

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use the A-2 Proportionate Share of such Proceeds to prepay the outstanding principal balance of this Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.

ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under the Note, and the A-2 Proportionate Share of all other sums then due and payable under the Loan Agreement, the Security Instrument, and the other Loan Documents;

iii. Borrower shall pay (without duplication) all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and

iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.

e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAYED DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO

THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL AMOUNT BEING REPAYED HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY PREPAYMENTS FROM PROCEEDS.

f. MODIFICATION OF MONTHLY AMOUNTS.

i. In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date (other than in connection with an acceleration of the Loan), the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the same proportionate amortization as in effect prior to such recalculation for each remaining Payment Date, taking into account the reduction in the Principal Amount.

ii. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date (other than in connection with an acceleration of the Loan) or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts or the Stated Interest Rate.

5. MISCELLANEOUS.

a. WAIVER. Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. NON-RECOURSE. Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of

Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. NOTE SECURED. This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. NOTICES. Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. ENTIRE AGREEMENT. This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. NO WAIVER. No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. SUCCESSORS AND ASSIGNS. This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

**EXHIBIT A
PROMISSORY NOTE A-2**

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
2/15/2004	5.36252388%			
3/1/2004	5.36252388%	3/1/2004	-	95,000,000.00
4/1/2004	5.36252388%	4/1/2004	-	95,000,000.00
5/1/2004	5.36252388%	5/1/2004	-	95,000,000.00
6/1/2004	5.36252388%	6/1/2004	-	95,000,000.00
7/1/2004	5.36252388%	7/1/2004	-	95,000,000.00
8/1/2004	5.36252388%	8/1/2004	-	95,000,000.00
9/1/2004	5.36252388%	9/1/2004	-	95,000,000.00
10/1/2004	5.36252388%	10/1/2004	-	95,000,000.00
11/1/2004	5.36252388%	11/1/2004	-	95,000,000.00
12/1/2004	5.36252388%	12/1/2004	-	95,000,000.00
1/1/2005	5.36252388%	1/1/2005	-	95,000,000.00
2/1/2005	5.36252388%	2/1/2005	-	95,000,000.00
3/1/2005	5.36252388%	3/1/2005	-	95,000,000.00
4/1/2005	5.36252388%	4/1/2005	-	95,000,000.00
5/1/2005	5.36252388%	5/1/2005	-	95,000,000.00
6/1/2005	5.36252388%	6/1/2005	-	95,000,000.00
7/1/2005	5.36252388%	7/1/2005	-	95,000,000.00
8/1/2005	5.36252388%	8/1/2005	-	95,000,000.00
9/1/2005	5.36252388%	9/1/2005	-	95,000,000.00
10/1/2005	5.36252388%	10/1/2005	-	95,000,000.00
11/1/2005	5.36252388%	11/1/2005	-	95,000,000.00
12/1/2005	5.36252388%	12/1/2005	-	95,000,000.00
1/1/2006	5.36252388%	1/1/2006	-	95,000,000.00
2/1/2006	5.36252388%	2/1/2006	-	95,000,000.00
3/1/2006	5.36252388%	3/1/2006	-	95,000,000.00
4/1/2006	5.36259782%	4/1/2006	215,479.75	94,784,520.25
5/1/2006	5.36267862%	5/1/2006	234,354.39	94,550,165.85

6/1/2006	5.36275398%	6/1/2006	217,544.37	94,332,621.49
7/1/2006	5.36283625%	7/1/2006	236,361.58	94,096,259.91
8/1/2006	5.36291308%	8/1/2006	219,627.67	93,876,632.24
9/1/2006	5.36299061%	9/1/2006	220,635.70	93,655,996.54
10/1/2006	5.36307515%	10/1/2006	239,366.92	93,416,629.63
11/1/2006	5.36315420%	11/1/2006	222,746.98	93,193,882.64
12/1/2006	5.36324031%	12/1/2006	241,419.48	92,952,463.17
1/1/2007	5.36332092%	1/1/2007	224,877.38	92,727,585.79
2/1/2007	5.36340230%	2/1/2007	225,909.50	92,501,676.29
3/1/2007	5.36350356%	3/1/2007	279,589.35	92,222,086.94
4/1/2007	5.36358668%	4/1/2007	228,229.60	91,993,857.34
5/1/2007	5.36367701%	5/1/2007	246,749.59	91,747,107.75
6/1/2007	5.36376180%	6/1/2007	230,409.62	91,516,698.13
7/1/2007	5.36385386%	7/1/2007	248,868.97	91,267,829.16
8/1/2007	5.36394037%	8/1/2007	232,609.38	91,035,219.78
9/1/2007	5.36402771%	9/1/2007	233,676.99	90,801,542.78
10/1/2007	5.36412243%	10/1/2007	252,045.45	90,549,497.33
11/1/2007	5.36421156%	11/1/2007	235,906.32	90,313,591.01
12/1/2007	5.36430813%	12/1/2007	254,212.77	90,059,378.24
1/1/2008	5.36439909%	1/1/2008	238,155.83	89,821,222.41
2/1/2008	5.36449096%	2/1/2008	239,248.90	89,581,973.50
3/1/2008	5.36459701%	3/1/2008	274,577.75	89,307,395.75
4/1/2008	5.36469086%	4/1/2008	241,607.22	89,065,788.52
5/1/2008	5.36479233%	5/1/2008	259,755.09	88,806,033.43
6/1/2008	5.36488815%	6/1/2008	243,908.34	88,562,125.09
7/1/2008	5.36499166%	7/1/2008	261,992.20	88,300,132.89
8/1/2008	5.36508951%	8/1/2008	246,230.28	88,053,902.61
9/1/2008	5.36518837%	9/1/2008	247,360.41	87,806,542.20
10/1/2008	5.36529503%	10/1/2008	265,348.25	87,541,193.96
11/1/2008	5.36539599%	11/1/2008	249,713.60	87,291,480.36
12/1/2008	5.36550485%	12/1/2008	267,635.98	87,023,844.38

1/1/2009	5.36560800%	1/1/2009	252,088.09	86,771,756.29
2/1/2009	5.36571223%	2/1/2009	253,245.11	86,518,511.18
3/1/2009	5.36583831%	3/1/2009	304,392.89	86,214,118.29
4/1/2009	5.36594497%	4/1/2009	255,804.51	85,958,313.78
5/1/2009	5.36605972%	5/1/2009	273,557.46	85,684,756.32
6/1/2009	5.36616873%	6/1/2009	258,234.13	85,426,522.19
7/1/2009	5.36628593%	7/1/2009	275,919.50	85,150,602.69
8/1/2009	5.36639736%	8/1/2009	260,685.75	84,889,916.94
9/1/2009	5.36650999%	9/1/2009	261,882.23	84,628,034.71
10/1/2009	5.36663096%	10/1/2009	279,466.12	84,348,568.59
11/1/2009	5.36674613%	11/1/2009	264,366.86	84,084,201.73
12/1/2009	5.36686973%	12/1/2009	281,881.64	83,802,320.09
1/1/2010	5.36698752%	1/1/2010	266,873.99	83,535,446.10
2/1/2010	5.36710661%	2/1/2010	268,098.87	83,267,347.23
3/1/2010	5.36724880%	3/1/2010	317,870.77	82,949,476.46
4/1/2010	5.36737080%	4/1/2010	270,788.31	82,678,688.15
5/1/2010	5.36750149%	5/1/2010	288,124.46	82,390,563.68
6/1/2010	5.36762632%	6/1/2010	273,353.56	82,117,210.12
7/1/2010	5.36775996%	7/1/2010	290,618.36	81,826,591.76
8/1/2010	5.36788773%	8/1/2010	275,942.04	81,550,649.72
9/1/2010	5.36801695%	9/1/2010	277,208.53	81,273,441.19
10/1/2010	5.36815515%	10/1/2010	294,366.10	80,979,075.08
11/1/2010	5.36828746%	11/1/2010	279,831.90	80,699,243.18
12/1/2010	5.36842885%	12/1/2010	296,916.50	80,402,326.68
1/1/2011	5.36856434%	1/1/2011	282,479.02	80,119,847.66
2/1/2011	5.36870141%	2/1/2011	283,775.52	79,836,072.15
3/1/2011	5.36886307%	3/1/2011	332,095.31	79,503,976.83
4/1/2011	5.36900367%	4/1/2011	286,602.19	79,217,374.64
5/1/2011	5.36915368%	5/1/2011	303,498.46	78,913,876.18
6/1/2011	5.36929775%	6/1/2011	289,310.59	78,624,565.58
7/1/2011	5.36945136%	7/1/2011	306,131.53	78,318,434.06

8/1/2011	5.36959902%	8/1/2011	292,043.51	78,026,390.55
9/1/2011	5.36974848%	9/1/2011	293,383.91	77,733,006.65
10/1/2011	5.36990768%	10/1/2011	310,091.53	77,422,915.11
11/1/2011	5.37006092%	11/1/2011	296,153.69	77,126,761.42
12/1/2011	5.37022404%	12/1/2011	312,784.27	76,813,977.15
1/1/2012	5.37038120%	1/1/2012	298,948.55	76,515,028.61
2/1/2012	5.37054032%	2/1/2012	300,320.64	76,214,707.97
3/1/2012	5.37071768%	3/1/2012	331,971.59	75,882,736.38
4/1/2012	5.37088103%	4/1/2012	303,222.68	75,579,513.69
5/1/2012	5.37105467%	5/1/2012	319,656.63	75,259,857.06
6/1/2012	5.37122232%	6/1/2012	306,081.53	74,953,775.54
7/1/2012	5.37140042%	7/1/2012	322,435.95	74,631,339.59
8/1/2012	5.37157253%	8/1/2012	308,966.25	74,322,373.34
9/1/2012	5.37174687%	9/1/2012	310,384.32	74,011,989.03
10/1/2012	5.37193192%	10/1/2012	326,619.05	73,685,369.97
11/1/2012	5.37211097%	11/1/2012	313,307.98	73,372,061.99
12/1/2012	5.37230091%	12/1/2012	329,461.40	73,042,600.59
1/1/2013	5.37248486%	1/1/2013	316,258.12	72,726,342.48
2/1/2013	5.37267128%	2/1/2013	317,709.65	72,408,632.82
3/1/2013	5.37288621%	3/1/2013	362,886.17	72,045,746.65
4/1/2013	5.37307804%	4/1/2013	320,833.40	71,724,913.25
5/1/2013	5.37328126%	5/1/2013	336,777.48	71,388,135.77
6/1/2013	5.37347850%	6/1/2013	323,851.65	71,064,284.12
7/1/2013	5.37368734%	7/1/2013	339,711.78	70,724,572.34
8/1/2013	5.37389021%	8/1/2013	326,897.22	70,397,675.12
9/1/2013	5.37409591%	9/1/2013	328,397.59	70,069,277.53
10/1/2013	5.37431355%	10/1/2013	344,131.26	69,725,146.27
11/1/2013	5.37452523%	11/1/2013	331,484.31	69,393,661.96
12/1/2013	5.37474908%	12/1/2013	347,132.12	69,046,529.84
1/1/2014	5.37496699%	1/1/2014	334,598.97	68,711,930.87
2/1/2014	5.37518805%	2/1/2014	336,134.69	68,375,796.18

3/1/2014	5.33000000%	3/1/2014	379,604.52	67,996,191.66
4/1/2014	5.33000000%	4/1/2014	339,419.73	67,656,771.92
5/1/2014	5.33000000%	5/1/2014	354,846.81	67,301,925.12
6/1/2014	5.33000000%	6/1/2014	342,606.22	66,959,318.89
7/1/2014	5.33000000%	7/1/2014	357,944.66	66,601,374.23
8/1/2014	5.33000000%	8/1/2014	345,821.56	66,255,552.67
9/1/2014	5.33000000%	9/1/2014	347,408.78	65,908,143.89
10/1/2014	5.33000000%	10/1/2014	362,613.63	65,545,530.26
11/1/2014	5.33000000%	11/1/2014	350,667.59	65,194,862.67
12/1/2014	5.33000000%	12/1/2014	365,781.79	64,829,080.89
1/1/2015	5.33000000%	1/1/2015	353,955.89	64,475,125.00
2/1/2015	5.33000000%	2/1/2015	355,580.45	64,119,544.55
3/1/2015	5.33000000%	3/1/2015	397,249.05	63,722,295.50
4/1/2015	5.33000000%	4/1/2015	359,035.73	63,363,259.77
5/1/2015	5.33000000%	5/1/2015	373,917.16	62,989,342.61
6/1/2015	5.33000000%	6/1/2015	362,399.78	62,626,942.83
7/1/2015	5.33000000%	7/1/2015	377,187.63	62,249,755.20
8/1/2015	5.33000000%	8/1/2015	365,794.28	61,883,960.92
9/1/2015	5.33000000%	9/1/2015	367,473.17	61,516,487.75
10/1/2015	5.33000000%	10/1/2015	382,119.90	61,134,367.84
11/1/2015	5.33000000%	11/1/2015	370,913.60	60,763,454.25
12/1/2015	5.33000000%	12/1/2015	385,464.63	60,377,989.62
1/1/2016	5.33000000%	1/1/2016	374,385.16	60,003,604.45
2/1/2016	5.33000000%	2/1/2016	376,103.49	59,627,500.97
3/1/2016	5.33000000%	3/1/2016	403,190.61	59,224,310.36
4/1/2016	5.33000000%	4/1/2016	379,680.23	58,844,630.13
5/1/2016	5.33000000%	5/1/2016	393,987.41	58,450,642.72
6/1/2016	5.33000000%	6/1/2016	383,231.15	58,067,411.57
7/1/2016	5.33000000%	7/1/2016	397,439.55	57,669,972.02
8/1/2016	5.33000000%	8/1/2016	386,814.21	57,283,157.81
9/1/2016	5.33000000%	9/1/2016	388,589.58	56,894,568.23

10/1/2016	5.33000000%	10/1/2016	402,648.93	56,491,919.30
11/1/2016	5.33000000%	11/1/2016	392,221.15	56,099,698.15
12/1/2016	5.33000000%	12/1/2016	406,179.48	55,693,518.67
1/1/2017	5.33000000%	1/1/2017	395,885.58	55,297,633.09
2/1/2017	5.33000000%	2/1/2017	397,702.59	54,899,930.50
3/1/2017	5.33000000%	3/1/2017	435,469.47	54,464,461.03
4/1/2017	5.33000000%	4/1/2017	401,526.62	54,062,934.41
5/1/2017	5.33000000%	5/1/2017	415,226.10	53,647,708.31
6/1/2017	5.33000000%	6/1/2017	405,275.28	53,242,433.03
7/1/2017	5.33000000%	7/1/2017	418,870.50	52,823,562.53
8/1/2017	5.33000000%	8/1/2017	409,057.88	52,414,504.64
9/1/2017	5.33000000%	9/1/2017	410,935.35	52,003,569.30
10/1/2017	5.33000000%	10/1/2017	424,373.12	51,579,196.18
11/1/2017	5.33000000%	11/1/2017	414,769.18	51,164,427.00
12/1/2017	5.33000000%	12/1/2017	428,100.31	50,736,326.69
1/1/2018	5.33000000%	1/1/2018	418,637.72	50,317,688.97
2/1/2018	5.33000000%	2/1/2018	420,559.15	49,897,129.83
3/1/2018	5.33000000%	3/1/2018	456,208.86	49,440,920.97
4/1/2018	5.33000000%	4/1/2018	424,583.27	49,016,337.70
5/1/2018	5.33000000%	5/1/2018	437,641.40	48,578,696.29
6/1/2018	5.33000000%	6/1/2018	428,540.64	48,150,155.65
7/1/2018	5.33000000%	7/1/2018	441,488.70	47,708,666.95
8/1/2018	5.33000000%	8/1/2018	432,533.83	47,276,133.12
9/1/2018	5.33000000%	9/1/2018	434,519.04	46,841,614.07
10/1/2018	5.33000000%	10/1/2018	447,300.80	46,394,313.27
11/1/2018	5.33000000%	11/1/2018	438,566.35	45,955,746.92
12/1/2018	5.33000000%	12/1/2018	451,235.53	45,504,511.39
1/1/2019	5.33000000%	1/1/2019	442,650.30	45,061,861.10
2/1/2019	5.33000000%	2/1/2019	444,681.94	44,617,179.16
3/1/2019	5.33000000%	3/1/2019	478,097.19	44,139,081.97
4/1/2019	5.33000000%	4/1/2019	448,917.24	43,690,164.73

5/1/2019	5.33000000%	5/1/2019	461,298.49	43,228,866.24
6/1/2019	5.33000000%	6/1/2019	453,094.88	42,775,771.36
7/1/2019	5.33000000%	7/1/2019	465,359.92	42,310,411.45
8/1/2019	5.33000000%	8/1/2019	457,310.33	41,853,101.12
9/1/2019	5.33000000%	9/1/2019	459,409.26	41,393,691.86
10/1/2019	5.33000000%	10/1/2019	471,498.66	40,922,193.21
11/1/2019	5.33000000%	11/1/2019	463,681.86	40,458,511.34
12/1/2019	5.33000000%	12/1/2019	475,652.42	39,982,858.93
1/1/2020	5.33000000%	1/1/2020	467,993.15	39,514,865.78
2/1/2020	5.33000000%	2/1/2020	470,141.11	39,044,724.67
3/1/2020	5.33000000%	3/1/2020	491,565.05	38,553,159.63
4/1/2020	5.33000000%	4/1/2020	474,555.07	38,078,604.56
5/1/2020	5.33000000%	5/1/2020	486,223.17	37,592,381.39
6/1/2020	5.33000000%	6/1/2020	478,964.78	37,113,416.61
7/1/2020	5.33000000%	7/1/2020	490,510.21	36,622,906.40
8/1/2020	5.33000000%	8/1/2020	483,414.40	36,139,492.00
9/1/2020	5.33000000%	9/1/2020	485,633.13	35,653,858.87
10/1/2020	5.33000000%	10/1/2020	496,993.08	35,156,865.79
11/1/2020	5.33000000%	11/1/2020	490,143.12	34,666,722.67
12/1/2020	5.33000000%	12/1/2020	501,377.61	34,165,345.06
1/1/2021	5.33000000%	1/1/2021	494,693.92	33,670,651.14
2/1/2021	5.33000000%	2/1/2021	496,964.43	33,173,686.71
3/1/2021	5.33000000%	3/1/2021	525,536.82	32,648,149.89
4/1/2021	5.33000000%	4/1/2021	501,657.42	32,146,492.47
5/1/2021	5.33000000%	5/1/2021	512,571.63	31,633,920.83
6/1/2021	5.33000000%	6/1/2021	506,312.45	31,127,608.38
7/1/2021	5.33000000%	7/1/2021	517,097.18	30,610,511.20
8/1/2021	5.33000000%	8/1/2021	511,009.62	30,099,501.58
9/1/2021	5.33000000%	9/1/2021	513,355.01	29,586,146.57
10/1/2021	5.33000000%	10/1/2021	523,943.84	29,062,202.73
11/1/2021	5.33000000%	11/1/2021	518,115.93	28,544,086.81

12/1/2021	5.33000000%	12/1/2021	528,572.32	28,015,514.49
1/1/2022	5.33000000%	1/1/2022	522,919.93	27,492,594.56
2/1/2022	5.33000000%	2/1/2022	525,319.99	26,967,274.56
3/1/2022	5.33000000%	3/1/2022	551,265.85	26,416,008.71
4/1/2022	5.33000000%	4/1/2022	530,261.22	25,885,747.49
5/1/2022	5.33000000%	5/1/2022	540,379.78	25,345,367.72
6/1/2022	5.33000000%	6/1/2022	535,175.17	24,810,192.55
7/1/2022	5.33000000%	7/1/2022	545,157.03	24,265,035.52
8/1/2022	5.33000000%	8/1/2022	540,133.59	23,724,901.93
9/1/2022	5.33000000%	9/1/2022	542,612.65	23,182,289.27
10/1/2022	5.33000000%	10/1/2022	552,387.64	22,629,901.64
11/1/2022	5.33000000%	11/1/2022	547,638.40	22,082,263.24
12/1/2022	5.33000000%	12/1/2022	557,273.58	21,524,989.65
1/1/2023	5.33000000%	1/1/2023	552,709.64	20,972,280.01
2/1/2023	5.33000000%	2/1/2023	555,246.42	20,417,033.59
3/1/2023	5.33000000%	3/1/2023	578,420.24	19,838,613.35
4/1/2023	5.33000000%	4/1/2023	560,449.64	19,278,163.71
5/1/2023	5.33000000%	5/1/2023	569,728.46	18,708,435.25
6/1/2023	5.33000000%	6/1/2023	565,636.84	18,142,798.41
7/1/2023	5.33000000%	7/1/2023	574,771.37	17,568,027.03
8/1/2023	5.33000000%	8/1/2023	570,871.00	16,997,156.04
9/1/2023	5.33000000%	9/1/2023	573,491.14	16,423,664.90
10/1/2023	5.33000000%	10/1/2023	582,407.19	15,841,257.70
11/1/2023	5.33000000%	11/1/2023	578,796.39	15,262,461.31
12/1/2023	5.33000000%	12/1/2023	587,564.87	14,674,896.44
1/1/2024	5.33000000%	1/1/2024	584,149.67	14,090,746.78
2/1/2024	5.33000000%	2/1/2024	586,830.75	13,503,916.03
3/1/2024	5.33000000%	3/1/2024	601,227.35	12,902,688.68
4/1/2024	5.33000000%	4/1/2024	592,283.61	12,310,405.07
5/1/2024	5.33000000%	5/1/2024	600,676.92	11,709,728.15
6/1/2024	5.33000000%	6/1/2024	597,758.96	11,111,969.19

7/1/2024	5.33000000%	7/1/2024	605,999.97	10,505,969.21
8/1/2024	5.33000000%	8/1/2024	603,283.88	9,902,685.33
9/1/2024	5.33000000%	9/1/2024	606,052.79	9,296,632.54
10/1/2024	5.33000000%	10/1/2024	614,063.09	8,682,569.45
11/1/2024	5.33000000%	11/1/2024	611,652.78	8,070,916.66
12/1/2024	5.33000000%	12/1/2024	619,507.32	7,451,409.35
1/1/2025	5.33000000%	1/1/2025	617,303.46	6,834,105.88
2/1/2025	5.33000000%	2/1/2025	620,136.72	6,213,969.17
3/1/2025	5.33000000%	3/1/2025	637,299.83	5,576,669.34
4/1/2025	5.33000000%	4/1/2025	625,908.00	4,950,761.34
5/1/2025	5.33000000%	5/1/2025	633,366.01	4,317,395.33
6/1/2025	5.33000000%	6/1/2025	631,687.72	3,685,707.61
7/1/2025	5.33000000%	7/1/2025	638,984.95	3,046,722.66
8/1/2025	5.33000000%	8/1/2025	637,519.75	2,409,202.91
9/1/2025	5.33000000%	9/1/2025	640,445.79	1,768,757.12
10/1/2025	5.33000000%	10/1/2025	647,499.41	1,121,257.71
11/1/2025	5.33000000%	11/1/2025	646,357.10	474,900.61
12/1/2025	0.00000000%	12/1/2025	474,900.61	-
1/1/2026 and thereafter	0.00000000%	1/1/2026	-	-

PROMISSORY NOTE A-3

New York, New York
\$35,000,000.00 February 13, 2004

PROMISSORY NOTE A-3, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) that certain Promissory Note A-1, in the principal amount of \$90,000,000 (NOTE A-1); (ii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iii) this Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000; (iv) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); (v) that certain Promissory Note A-X, dated as of the date hereof, made by Borrower in favor of Lender, in the notional principal amount of \$86,000,000 (NOTE A-X); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B);

WHEREAS, this Note, individually, evidences a portion of the Loan in the principal amount of THIRTY-FIVE MILLION DOLLARS (\$35,000,000); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

A-3 PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the outstanding aggregate principal amount of the Mortgage Notes.

A NOTE PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the sum of the principal amounts of this Note, the A-1 Note, the A-2 Note and the A-4 Note.

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by the

Mortgage Notes and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

MORTGAGE NOTES shall mean, collectively, this Note, Note A-1, Note A-2, Note A-4, Note A-X, Note B and any amendments, restatements or replacements of any thereof.

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-X shall have the meaning provided in the Recitals to this Note.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on December 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall mean \$35,000,000 or so much of the aggregate principal amount that is outstanding under this Note from time to time.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, with respect to each Interest Period, the rate of interest set forth on EXHIBIT A hereto for such Interest Period.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated

Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on March 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including February 29, 2004 shall be paid on the date hereof; and

ii. commencing on April 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest payable on this Note, in arrears, and scheduled principal amortization in the amounts (the MONTHLY AMOUNTS) set forth on EXHIBIT A hereto (subject to adjustment as provided in Section 4(f)).

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of accrued interest and Monthly Amounts on each Payment Date. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied to repayment of the Loan on each Payment Date and the A Note Proportionate Share thereof shall be applied as a partial prepayment of the outstanding Principal Amount. Deferred Interest shall be payable after all principal and other amounts due under the Loan have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. **VOLUNTARY PREPAYMENTS.** Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount on any Business Day occurring after the expiration of the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the **PREPAYMENT NOTICE**) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the **PREPAYMENT DATE**); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. In connection with any voluntary prepayment, other than payments from Excess Cash Flow as set forth in Section 3(b), Borrower shall concurrently repay all of the other Indebtedness in full.

iv. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of Section 3(b) hereof.

b. **DEFEASANCE.** From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. **MANDATORY PREPAYMENTS.**

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use the A-3 Proportionate Share of such Proceeds to prepay the outstanding principal balance of this Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.

ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under the Note, and the A-3 Proportionate Share of all other sums then due and payable under the Loan Agreement, the Security Instrument, and the other Loan Documents;

iii. Borrower shall pay (without duplication) all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and

iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.

e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAYED DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO

THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL AMOUNT BEING REPAYED HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY PREPAYMENTS FROM PROCEEDS.

f. MODIFICATION OF MONTHLY AMOUNTS.

i. In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date (other than in connection with an acceleration of the Loan), the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the same proportionate amortization as in effect prior to such recalculation for each remaining Payment Date, taking into account the reduction in the Principal Amount.

ii. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date (other than in connection with an acceleration of the Loan) or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts or the Stated Interest Rate.

5. MISCELLANEOUS.

a. WAIVER. Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. NON-RECOURSE. Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of

Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. NOTE SECURED. This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. NOTICES. Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. ENTIRE AGREEMENT. This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. NO WAIVER. No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. SUCCESSORS AND ASSIGNS. This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: */s/ Brian Kurtz*

Name: Brian Kurtz
Title: Assistant Secretary

**EXHIBIT A
PROMISSORY NOTE A-3**

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
2/15/2004	5.36252388%			
3/1/2004	5.36252388%	3/1/2004	-	35,000,000.00
4/1/2004	5.36252388%	4/1/2004	-	35,000,000.00
5/1/2004	5.36252388%	5/1/2004	-	35,000,000.00
6/1/2004	5.36252388%	6/1/2004	-	35,000,000.00
7/1/2004	5.36252388%	7/1/2004	-	35,000,000.00
8/1/2004	5.36252388%	8/1/2004	-	35,000,000.00
9/1/2004	5.36252388%	9/1/2004	-	35,000,000.00
10/1/2004	5.36252388%	10/1/2004	-	35,000,000.00
11/1/2004	5.36252388%	11/1/2004	-	35,000,000.00
12/1/2004	5.36252388%	12/1/2004	-	35,000,000.00
1/1/2005	5.36252388%	1/1/2005	-	35,000,000.00
2/1/2005	5.36252388%	2/1/2005	-	35,000,000.00
3/1/2005	5.36252388%	3/1/2005	-	35,000,000.00
4/1/2005	5.36252388%	4/1/2005	-	35,000,000.00
5/1/2005	5.36252388%	5/1/2005	-	35,000,000.00
6/1/2005	5.36252388%	6/1/2005	-	35,000,000.00
7/1/2005	5.36252388%	7/1/2005	-	35,000,000.00
8/1/2005	5.36252388%	8/1/2005	-	35,000,000.00
9/1/2005	5.36252388%	9/1/2005	-	35,000,000.00
10/1/2005	5.36252388%	10/1/2005	-	35,000,000.00
11/1/2005	5.36252388%	11/1/2005	-	35,000,000.00
12/1/2005	5.36252388%	12/1/2005	-	35,000,000.00
1/1/2006	5.36252388%	1/1/2006	-	35,000,000.00
2/1/2006	5.36252388%	2/1/2006	-	35,000,000.00
3/1/2006	5.36252388%	3/1/2006	-	35,000,000.00
4/1/2006	5.36259782%	4/1/2006	79,387.28	34,920,612.72
5/1/2006	5.36267862%	5/1/2006	86,341.09	34,834,271.63
6/1/2006	5.36275398%	6/1/2006	80,147.92	34,754,123.71

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
7/1/2006	5.36283625%	7/1/2006	87,080.58	34,667,043.13
8/1/2006	5.36291308%	8/1/2006	80,915.46	34,586,127.67
9/1/2006	5.36299061%	9/1/2006	81,286.84	34,504,840.83
10/1/2006	5.36307515%	10/1/2006	88,187.81	34,416,653.02
11/1/2006	5.36315420%	11/1/2006	82,064.68	34,334,588.34
12/1/2006	5.36324031%	12/1/2006	88,944.02	34,245,644.32
1/1/2007	5.36332092%	1/1/2007	82,849.56	34,162,794.76
2/1/2007	5.36340230%	2/1/2007	83,229.82	34,079,564.95
3/1/2007	5.36350356%	3/1/2007	103,006.60	33,976,558.35
4/1/2007	5.36358668%	4/1/2007	84,084.59	33,892,473.76
5/1/2007	5.36367701%	5/1/2007	90,907.74	33,801,566.01
6/1/2007	5.36376180%	6/1/2007	84,887.76	33,716,678.26
7/1/2007	5.36385386%	7/1/2007	91,688.57	33,624,989.69
8/1/2007	5.36394037%	8/1/2007	85,698.19	33,539,291.50
9/1/2007	5.36402771%	9/1/2007	86,091.52	33,453,199.97
10/1/2007	5.36412243%	10/1/2007	92,858.85	33,360,341.12
11/1/2007	5.36421156%	11/1/2007	86,912.86	33,273,428.27
12/1/2007	5.36430813%	12/1/2007	93,657.34	33,179,770.93
1/1/2008	5.36439909%	1/1/2008	87,741.62	33,092,029.31
2/1/2008	5.36449096%	2/1/2008	88,144.33	33,003,884.97
3/1/2008	5.36459701%	3/1/2008	101,160.23	32,902,724.75
4/1/2008	5.36469086%	4/1/2008	89,013.19	32,813,711.56
5/1/2008	5.36479233%	5/1/2008	95,699.24	32,718,012.32
6/1/2008	5.36488815%	6/1/2008	89,860.97	32,628,151.35
7/1/2008	5.36499166%	7/1/2008	96,523.44	32,531,627.91
8/1/2008	5.36508951%	8/1/2008	90,716.42	32,440,911.49
9/1/2008	5.36518837%	9/1/2008	91,132.78	32,349,778.71
10/1/2008	5.36529503%	10/1/2008	97,759.88	32,252,018.83
11/1/2008	5.36539599%	11/1/2008	91,999.75	32,160,019.08
12/1/2008	5.36550485%	12/1/2008	98,602.73	32,061,416.35

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
1/1/2009	5.36560800%	1/1/2009	92,874.56	31,968,541.79
2/1/2009	5.36571223%	2/1/2009	93,300.83	31,875,240.96
3/1/2009	5.36583831%	3/1/2009	112,144.75	31,763,096.21
4/1/2009	5.36594497%	4/1/2009	94,243.77	31,668,852.45
5/1/2009	5.36605972%	5/1/2009	100,784.33	31,568,068.12
6/1/2009	5.36616873%	6/1/2009	95,138.89	31,472,929.23
7/1/2009	5.36628593%	7/1/2009	101,654.55	31,371,274.67
8/1/2009	5.36639736%	8/1/2009	96,042.12	31,275,232.56
9/1/2009	5.36650999%	9/1/2009	96,482.93	31,178,749.63
10/1/2009	5.36663096%	10/1/2009	102,961.20	31,075,788.43
11/1/2009	5.36674613%	11/1/2009	97,398.32	30,978,390.11
12/1/2009	5.36686973%	12/1/2009	103,851.13	30,874,538.98
1/1/2010	5.36698752%	1/1/2010	98,322.00	30,776,216.98
2/1/2010	5.36710661%	2/1/2010	98,773.27	30,677,443.72
3/1/2010	5.36724880%	3/1/2010	117,110.28	30,560,333.43
4/1/2010	5.36737080%	4/1/2010	99,764.11	30,460,569.32
5/1/2010	5.36750149%	5/1/2010	106,151.12	30,354,418.20
6/1/2010	5.36762632%	6/1/2010	100,709.21	30,253,708.99
7/1/2010	5.36775996%	7/1/2010	107,069.92	30,146,639.07
8/1/2010	5.36788773%	8/1/2010	101,662.86	30,044,976.21
9/1/2010	5.36801695%	9/1/2010	102,129.46	29,942,846.75
10/1/2010	5.36815515%	10/1/2010	108,450.67	29,834,396.08
11/1/2010	5.36828746%	11/1/2010	103,095.96	29,731,300.12
12/1/2010	5.36842885%	12/1/2010	109,390.29	29,621,909.83
1/1/2011	5.36856434%	1/1/2011	104,071.22	29,517,838.61
2/1/2011	5.36870141%	2/1/2011	104,548.88	29,413,289.74
3/1/2011	5.36886307%	3/1/2011	122,350.90	29,290,938.83
4/1/2011	5.36900367%	4/1/2011	105,590.28	29,185,348.55
5/1/2011	5.36915368%	5/1/2011	111,815.22	29,073,533.33
6/1/2011	5.36929775%	6/1/2011	106,588.11	28,966,945.21

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
7/1/2011	5.36945136%	7/1/2011	112,785.30	28,854,159.92
8/1/2011	5.36959902%	8/1/2011	107,594.98	28,746,564.94
9/1/2011	5.36974848%	9/1/2011	108,088.81	28,638,476.13
10/1/2011	5.36990768%	10/1/2011	114,244.25	28,524,231.88
11/1/2011	5.37006092%	11/1/2011	109,109.25	28,415,122.63
12/1/2011	5.37022404%	12/1/2011	115,236.31	28,299,886.32
1/1/2012	5.37038120%	1/1/2012	110,138.94	28,189,747.38
2/1/2012	5.37054032%	2/1/2012	110,644.45	28,079,102.94
3/1/2012	5.37071768%	3/1/2012	122,305.32	27,956,797.61
4/1/2012	5.37088103%	4/1/2012	111,713.62	27,845,083.99
5/1/2012	5.37105467%	5/1/2012	117,768.23	27,727,315.76
6/1/2012	5.37122232%	6/1/2012	112,766.88	27,614,548.88
7/1/2012	5.37140042%	7/1/2012	118,792.19	27,495,756.69
8/1/2012	5.37157253%	8/1/2012	113,829.67	27,381,927.02
9/1/2012	5.37174687%	9/1/2012	114,352.12	27,267,574.90
10/1/2012	5.37193192%	10/1/2012	120,333.34	27,147,241.57
11/1/2012	5.37211097%	11/1/2012	115,429.26	27,031,812.31
12/1/2012	5.37230091%	12/1/2012	121,380.51	26,910,431.80
1/1/2013	5.37248486%	1/1/2013	116,516.15	26,793,915.65
2/1/2013	5.37267128%	2/1/2013	117,050.92	26,676,864.72
3/1/2013	5.37288621%	3/1/2013	133,694.91	26,543,169.82
4/1/2013	5.37307804%	4/1/2013	118,201.78	26,424,968.04
5/1/2013	5.37328126%	5/1/2013	124,075.91	26,300,892.13
6/1/2013	5.37347850%	6/1/2013	119,313.77	26,181,578.36
7/1/2013	5.37368734%	7/1/2013	125,156.97	26,056,421.39
8/1/2013	5.37389021%	8/1/2013	120,435.82	25,935,985.57
9/1/2013	5.37409591%	9/1/2013	120,988.59	25,814,996.99
10/1/2013	5.37431355%	10/1/2013	126,785.20	25,688,211.78
11/1/2013	5.37452523%	11/1/2013	122,125.80	25,566,085.98
12/1/2013	5.37474908%	12/1/2013	127,890.78	25,438,195.20

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
1/1/2014	5.37496699%	1/1/2014	123,273.31	25,314,921.90
2/1/2014	5.37518805%	2/1/2014	123,839.10	25,191,082.80
3/1/2014	5.33000000%	3/1/2014	139,854.30	25,051,228.50
4/1/2014	5.33000000%	4/1/2014	125,049.37	24,926,179.13
5/1/2014	5.33000000%	5/1/2014	130,733.03	24,795,446.10
6/1/2014	5.33000000%	6/1/2014	126,223.35	24,669,222.75
7/1/2014	5.33000000%	7/1/2014	131,874.35	24,537,348.40
8/1/2014	5.33000000%	8/1/2014	127,407.94	24,409,940.46
9/1/2014	5.33000000%	9/1/2014	127,992.71	24,281,947.75
10/1/2014	5.33000000%	10/1/2014	133,594.50	24,148,353.25
11/1/2014	5.33000000%	11/1/2014	129,193.32	24,019,159.93
12/1/2014	5.33000000%	12/1/2014	134,761.71	23,884,398.22
1/1/2015	5.33000000%	1/1/2015	130,404.80	23,753,993.42
2/1/2015	5.33000000%	2/1/2015	131,003.32	23,622,990.10
3/1/2015	5.33000000%	3/1/2015	146,354.91	23,476,635.18
4/1/2015	5.33000000%	4/1/2015	132,276.32	23,344,358.86
5/1/2015	5.33000000%	5/1/2015	137,758.95	23,206,599.91
6/1/2015	5.33000000%	6/1/2015	133,515.71	23,073,084.20
7/1/2015	5.33000000%	7/1/2015	138,963.86	22,934,120.34
8/1/2015	5.33000000%	8/1/2015	134,766.31	22,799,354.02
9/1/2015	5.33000000%	9/1/2015	135,384.85	22,663,969.17
10/1/2015	5.33000000%	10/1/2015	140,781.02	22,523,188.15
11/1/2015	5.33000000%	11/1/2015	136,652.38	22,386,535.77
12/1/2015	5.33000000%	12/1/2015	142,013.28	22,244,522.49
1/1/2016	5.33000000%	1/1/2016	137,931.38	22,106,591.11
2/1/2016	5.33000000%	2/1/2016	138,564.44	21,968,026.67
3/1/2016	5.33000000%	3/1/2016	148,543.91	21,819,482.76
4/1/2016	5.33000000%	4/1/2016	139,882.19	21,679,600.57
5/1/2016	5.33000000%	5/1/2016	145,153.25	21,534,447.32
6/1/2016	5.33000000%	6/1/2016	141,190.42	21,393,256.90

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
7/1/2016	5.33000000%	7/1/2016	146,425.10	21,246,831.80
8/1/2016	5.33000000%	8/1/2016	142,510.50	21,104,321.30
9/1/2016	5.33000000%	9/1/2016	143,164.58	20,961,156.72
10/1/2016	5.33000000%	10/1/2016	148,344.34	20,812,812.37
11/1/2016	5.33000000%	11/1/2016	144,502.53	20,668,309.85
12/1/2016	5.33000000%	12/1/2016	149,645.07	20,518,664.77
1/1/2017	5.33000000%	1/1/2017	145,852.58	20,372,812.19
2/1/2017	5.33000000%	2/1/2017	146,522.01	20,226,290.19
3/1/2017	5.33000000%	3/1/2017	160,436.12	20,065,854.06
4/1/2017	5.33000000%	4/1/2017	147,930.86	19,917,923.21
5/1/2017	5.33000000%	5/1/2017	152,978.04	19,764,945.17
6/1/2017	5.33000000%	6/1/2017	149,311.95	19,615,633.22
7/1/2017	5.33000000%	7/1/2017	154,320.71	19,461,312.51
8/1/2017	5.33000000%	8/1/2017	150,705.54	19,310,606.97
9/1/2017	5.33000000%	9/1/2017	151,397.23	19,159,209.74
10/1/2017	5.33000000%	10/1/2017	156,347.99	19,002,861.75
11/1/2017	5.33000000%	11/1/2017	152,809.70	18,850,052.05
12/1/2017	5.33000000%	12/1/2017	157,721.17	18,692,330.89
1/1/2018	5.33000000%	1/1/2018	154,234.95	18,538,095.94
2/1/2018	5.33000000%	2/1/2018	154,942.84	18,383,153.09
3/1/2018	5.33000000%	3/1/2018	168,076.95	18,215,076.15
4/1/2018	5.33000000%	4/1/2018	156,425.42	18,058,650.73
5/1/2018	5.33000000%	5/1/2018	161,236.31	17,897,414.42
6/1/2018	5.33000000%	6/1/2018	157,883.39	17,739,531.03
7/1/2018	5.33000000%	7/1/2018	162,653.73	17,576,877.30
8/1/2018	5.33000000%	8/1/2018	159,354.57	17,417,522.73
9/1/2018	5.33000000%	9/1/2018	160,085.96	17,257,436.76
10/1/2018	5.33000000%	10/1/2018	164,795.03	17,092,641.73
11/1/2018	5.33000000%	11/1/2018	161,577.08	16,931,064.65
12/1/2018	5.33000000%	12/1/2018	166,244.67	16,764,819.99

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
1/1/2019	5.33000000%	1/1/2019	163,081.69	16,601,738.30
2/1/2019	5.33000000%	2/1/2019	163,830.19	16,437,908.11
3/1/2019	5.33000000%	3/1/2019	176,141.07	16,261,767.04
4/1/2019	5.33000000%	4/1/2019	165,390.56	16,096,376.48
5/1/2019	5.33000000%	5/1/2019	169,952.07	15,926,424.40
6/1/2019	5.33000000%	6/1/2019	166,929.69	15,759,494.71
7/1/2019	5.33000000%	7/1/2019	171,448.39	15,588,046.32
8/1/2019	5.33000000%	8/1/2019	168,482.75	15,419,563.57
9/1/2019	5.33000000%	9/1/2019	169,256.04	15,250,307.53
10/1/2019	5.33000000%	10/1/2019	173,710.03	15,076,597.50
11/1/2019	5.33000000%	11/1/2019	170,830.16	14,905,767.34
12/1/2019	5.33000000%	12/1/2019	175,240.36	14,730,526.97
1/1/2020	5.33000000%	1/1/2020	172,418.53	14,558,108.44
2/1/2020	5.33000000%	2/1/2020	173,209.88	14,384,898.56
3/1/2020	5.33000000%	3/1/2020	181,102.91	14,203,795.65
4/1/2020	5.33000000%	4/1/2020	174,836.08	14,028,959.57
5/1/2020	5.33000000%	5/1/2020	179,134.85	13,849,824.72
6/1/2020	5.33000000%	6/1/2020	176,460.71	13,673,364.01
7/1/2020	5.33000000%	7/1/2020	180,714.29	13,492,649.73
8/1/2020	5.33000000%	8/1/2020	178,100.04	13,314,549.69
9/1/2020	5.33000000%	9/1/2020	178,917.47	13,135,632.21
10/1/2020	5.33000000%	10/1/2020	183,102.71	12,952,529.50
11/1/2020	5.33000000%	11/1/2020	180,579.04	12,771,950.46
12/1/2020	5.33000000%	12/1/2020	184,718.07	12,587,232.39
1/1/2021	5.33000000%	1/1/2021	182,255.65	12,404,976.74
2/1/2021	5.33000000%	2/1/2021	183,092.16	12,221,884.58
3/1/2021	5.33000000%	3/1/2021	193,618.83	12,028,265.75
4/1/2021	5.33000000%	4/1/2021	184,821.16	11,843,444.59
5/1/2021	5.33000000%	5/1/2021	188,842.18	11,654,602.41
6/1/2021	5.33000000%	6/1/2021	186,536.17	11,468,066.24

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
7/1/2021	5.33000000%	7/1/2021	190,509.49	11,277,556.76
8/1/2021	5.33000000%	8/1/2021	188,266.70	11,089,290.06
9/1/2021	5.33000000%	9/1/2021	189,130.79	10,900,159.26
10/1/2021	5.33000000%	10/1/2021	193,031.94	10,707,127.32
11/1/2021	5.33000000%	11/1/2021	190,884.81	10,516,242.51
12/1/2021	5.33000000%	12/1/2021	194,737.17	10,321,505.34
1/1/2022	5.33000000%	1/1/2022	192,654.71	10,128,850.63
2/1/2022	5.33000000%	2/1/2022	193,538.94	9,935,311.68
3/1/2022	5.33000000%	3/1/2022	203,097.94	9,732,213.74
4/1/2022	5.33000000%	4/1/2022	195,359.40	9,536,854.34
5/1/2022	5.33000000%	5/1/2022	199,087.29	9,337,767.05
6/1/2022	5.33000000%	6/1/2022	197,169.80	9,140,597.26
7/1/2022	5.33000000%	7/1/2022	200,847.33	8,939,749.93
8/1/2022	5.33000000%	8/1/2022	198,996.59	8,740,753.34
9/1/2022	5.33000000%	9/1/2022	199,909.93	8,540,843.42
10/1/2022	5.33000000%	10/1/2022	203,511.23	8,337,332.18
11/1/2022	5.33000000%	11/1/2022	201,761.52	8,135,570.67
12/1/2022	5.33000000%	12/1/2022	205,311.32	7,930,259.35
1/1/2023	5.33000000%	1/1/2023	203,629.87	7,726,629.48
2/1/2023	5.33000000%	2/1/2023	204,564.47	7,522,065.01
3/1/2023	5.33000000%	3/1/2023	213,102.19	7,308,962.81
4/1/2023	5.33000000%	4/1/2023	206,481.45	7,102,481.37
5/1/2023	5.33000000%	5/1/2023	209,899.96	6,892,581.41
6/1/2023	5.33000000%	6/1/2023	208,392.52	6,684,188.89
7/1/2023	5.33000000%	7/1/2023	211,757.87	6,472,431.01
8/1/2023	5.33000000%	8/1/2023	210,320.89	6,262,110.12
9/1/2023	5.33000000%	9/1/2023	211,286.21	6,050,823.91
10/1/2023	5.33000000%	10/1/2023	214,571.07	5,836,252.84
11/1/2023	5.33000000%	11/1/2023	213,240.78	5,623,012.06
12/1/2023	5.33000000%	12/1/2023	216,471.27	5,406,540.79

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
1/1/2024	5.33000000%	1/1/2024	215,213.03	5,191,327.76
2/1/2024	5.33000000%	2/1/2024	216,200.80	4,975,126.96
3/1/2024	5.33000000%	3/1/2024	221,504.81	4,753,622.14
4/1/2024	5.33000000%	4/1/2024	218,209.75	4,535,412.40
5/1/2024	5.33000000%	5/1/2024	221,302.02	4,314,110.37
6/1/2024	5.33000000%	6/1/2024	220,226.99	4,093,883.38
7/1/2024	5.33000000%	7/1/2024	223,263.15	3,870,620.24
8/1/2024	5.33000000%	8/1/2024	222,262.48	3,648,357.75
9/1/2024	5.33000000%	9/1/2024	223,282.61	3,425,075.15
10/1/2024	5.33000000%	10/1/2024	226,233.77	3,198,841.38
11/1/2024	5.33000000%	11/1/2024	225,345.76	2,973,495.61
12/1/2024	5.33000000%	12/1/2024	228,239.54	2,745,256.08
1/1/2025	5.33000000%	1/1/2025	227,427.59	2,517,828.48
2/1/2025	5.33000000%	2/1/2025	228,471.42	2,289,357.06
3/1/2025	5.33000000%	3/1/2025	234,794.67	2,054,562.39
4/1/2025	5.33000000%	4/1/2025	230,597.68	1,823,964.70
5/1/2025	5.33000000%	5/1/2025	233,345.37	1,590,619.33
6/1/2025	5.33000000%	6/1/2025	232,727.05	1,357,892.28
7/1/2025	5.33000000%	7/1/2025	235,415.51	1,122,476.77
8/1/2025	5.33000000%	8/1/2025	234,875.70	887,601.07
9/1/2025	5.33000000%	9/1/2025	235,953.71	651,647.36
10/1/2025	5.33000000%	10/1/2025	238,552.41	413,094.95
11/1/2025	5.33000000%	11/1/2025	238,131.56	174,963.38
2/1/2025	0.00000000%	12/1/2025	174,963.38	-
1/1/2026 and thereafter	0.00000000%	1/1/2026	-	-

PROMISSORY NOTE A-4

New York, New York
\$94,000,000.00 February 13, 2004

PROMISSORY NOTE A-4, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) that certain Promissory Note A-1, in the principal amount of \$90,000,000 (NOTE A-1); (ii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iii) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (iv) this Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000; (v) that certain Promissory Note A-X, dated as of the date hereof, made by Borrower in favor of Lender, in the notional principal amount of \$86,000,000 (NOTE A-X); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B);

WHEREAS, this Note, individually, evidences a portion of the Loan in the principal amount of NINETY-FOUR MILLION DOLLARS (\$94,000,000); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

A-4 PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the outstanding aggregate principal amount of the Mortgage Notes.

A NOTE PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the sum of the principal amounts of this Note, the A-2 Note, the A-3 Note and the A-1 Note.

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by the

Mortgage Notes and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

MORTGAGE NOTES shall mean, collectively, this Note, Note A-1, Note A-2, Note A-3, Note A-X, Note B and any amendments, restatements or replacements of any thereof.

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-X shall have the meaning provided in the Recitals to this Note.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on December 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall mean \$94,000,000 or so much of the aggregate principal amount that is outstanding under this Note from time to time.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, with respect to each Interest Period, the rate of interest set forth on EXHIBIT A hereto for such Interest Period.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated

Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on March 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including February 29, 2004 shall be paid on the date hereof; and

ii. commencing on April 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest payable on this Note, in arrears, and scheduled principal amortization in the amounts (the MONTHLY AMOUNTS) set forth on EXHIBIT A hereto (subject to adjustment as provided in Section 4(f)).

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of accrued interest and Monthly Amounts on each Payment Date. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow shall be applied to repayment of the Loan on each Payment Date and the A Note Proportionate Share thereof shall be applied as a partial prepayment of the outstanding Principal Amount. Deferred Interest shall be payable after all principal and other amounts due under the Loan have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. **VOLUNTARY PREPAYMENTS.** Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount of this Note on any Business Day occurring after the expiration of the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the **PREPAYMENT NOTICE**) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the **PREPAYMENT DATE**); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. In connection with any voluntary prepayment, other than payments from Excess Cash Flow as set forth in Section 3(b), Borrower shall concurrently repay all of the other Indebtedness in full.

iv. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of Section 3(b) hereof.

b. **DEFEASANCE.** From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. **MANDATORY PREPAYMENTS.**

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use the A-4 Proportionate Share of such Proceeds to prepay the outstanding principal balance of this Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.

ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under the Note, and the A-4 Proportionate Share of all other sums then due and payable under the Loan Agreement, the Security Instrument, and the other Loan Documents;

iii. Borrower shall pay (without duplication) all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and

iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.

e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAYED DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO

THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL AMOUNT BEING REPAYED HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY PREPAYMENTS FROM PROCEEDS.

f. MODIFICATION OF MONTHLY AMOUNTS.

i. In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date (other than in connection with an acceleration of the Loan), the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the same proportionate amortization as in effect prior to such recalculation for each remaining Payment Date, taking into account the reduction in the Principal Amount.

ii. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date (other than in connection with an acceleration of the Loan) or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts or the Stated Interest Rate.

5. MISCELLANEOUS.

a. WAIVER. Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. NON-RECOURSE. Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of

Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. NOTE SECURED. This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. NOTICES. Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. ENTIRE AGREEMENT. This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. NO WAIVER. No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. SUCCESSORS AND ASSIGNS. This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

**EXHIBIT A
PROMISSORY NOTE A-4**

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
2/15/2004	5.36252388%			
3/1/2004	5.36252388%	3/1/2004	-	94,000,000.00
4/1/2004	5.36252388%	4/1/2004	-	94,000,000.00
5/1/2004	5.36252388%	5/1/2004	-	94,000,000.00
6/1/2004	5.36252388%	6/1/2004	-	94,000,000.00
7/1/2004	5.36252388%	7/1/2004	-	94,000,000.00
8/1/2004	5.36252388%	8/1/2004	-	94,000,000.00
9/1/2004	5.36252388%	9/1/2004	-	94,000,000.00
10/1/2004	5.36252388%	10/1/2004	-	94,000,000.00
11/1/2004	5.36252388%	11/1/2004	-	94,000,000.00
12/1/2004	5.36252388%	12/1/2004	-	94,000,000.00
1/1/2005	5.36252388%	1/1/2005	-	94,000,000.00
2/1/2005	5.36252388%	2/1/2005	-	94,000,000.00
3/1/2005	5.36252388%	3/1/2005	-	94,000,000.00
4/1/2005	5.36252388%	4/1/2005	-	94,000,000.00
5/1/2005	5.36252388%	5/1/2005	-	94,000,000.00
6/1/2005	5.36252388%	6/1/2005	-	94,000,000.00
7/1/2005	5.36252388%	7/1/2005	-	94,000,000.00
8/1/2005	5.36252388%	8/1/2005	-	94,000,000.00
9/1/2005	5.36252388%	9/1/2005	-	94,000,000.00
10/1/2005	5.36252388%	10/1/2005	-	94,000,000.00
11/1/2005	5.36252388%	11/1/2005	-	94,000,000.00
12/1/2005	5.36252388%	12/1/2005	-	94,000,000.00
1/1/2006	5.36252388%	1/1/2006	-	94,000,000.00
2/1/2006	5.36252388%	2/1/2006	-	94,000,000.00
3/1/2006	5.36252388%	3/1/2006	-	94,000,000.00
4/1/2006	5.36259782%	4/1/2006	213,211.54	93,786,788.46
5/1/2006	5.36267862%	5/1/2006	231,887.50	93,554,900.95

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
6/1/2006	5.36275398%	6/1/2006	215,254.43	93,339,646.52
7/1/2006	5.36283625%	7/1/2006	233,873.56	93,105,772.96
8/1/2006	5.36291308%	8/1/2006	217,315.80	92,888,457.17
9/1/2006	5.36299061%	9/1/2006	218,313.22	92,670,143.95
10/1/2006	5.36307515%	10/1/2006	236,847.27	92,433,296.68
11/1/2006	5.36315420%	11/1/2006	220,402.28	92,212,894.40
12/1/2006	5.36324031%	12/1/2006	238,878.22	91,974,016.19
1/1/2007	5.36332092%	1/1/2007	222,510.25	91,751,505.94
2/1/2007	5.36340230%	2/1/2007	223,531.51	91,527,974.43
3/1/2007	5.36350356%	3/1/2007	276,646.30	91,251,328.13
4/1/2007	5.36358668%	4/1/2007	225,827.18	91,025,500.95
5/1/2007	5.36367701%	5/1/2007	244,152.22	90,781,348.72
6/1/2007	5.36376180%	6/1/2007	227,984.26	90,553,364.46
7/1/2007	5.36385386%	7/1/2007	246,249.30	90,307,115.17
8/1/2007	5.36394037%	8/1/2007	230,160.86	90,076,954.31
9/1/2007	5.36402771%	9/1/2007	231,217.23	89,845,737.07
10/1/2007	5.36412243%	10/1/2007	249,392.34	89,596,344.73
11/1/2007	5.36421156%	11/1/2007	233,423.10	89,362,921.63
12/1/2007	5.36430813%	12/1/2007	251,536.85	89,111,384.78
1/1/2008	5.36439909%	1/1/2008	235,648.93	88,875,735.85
2/1/2008	5.36449096%	2/1/2008	236,730.49	88,639,005.36
3/1/2008	5.36459701%	3/1/2008	271,687.46	88,367,317.90
4/1/2008	5.36469086%	4/1/2008	239,063.99	88,128,253.91
5/1/2008	5.36479233%	5/1/2008	257,020.83	87,871,233.08
6/1/2008	5.36488815%	6/1/2008	241,340.88	87,629,892.20
7/1/2008	5.36499166%	7/1/2008	259,234.39	87,370,657.81
8/1/2008	5.36508951%	8/1/2008	243,638.38	87,127,019.43
9/1/2008	5.36518837%	9/1/2008	244,756.62	86,882,262.81
10/1/2008	5.36529503%	10/1/2008	262,555.11	86,619,707.70
11/1/2008	5.36539599%	11/1/2008	247,085.04	86,372,622.67

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
12/1/2008	5.36550485%	12/1/2008	264,818.76	86,107,803.91
1/1/2009	5.36560800%	1/1/2009	249,434.53	85,858,369.38
2/1/2009	5.36571223%	2/1/2009	250,579.37	85,607,790.01
3/1/2009	5.36583831%	3/1/2009	301,188.75	85,306,601.26
4/1/2009	5.36594497%	4/1/2009	253,111.83	85,053,489.43
5/1/2009	5.36605972%	5/1/2009	270,677.91	84,782,811.52
6/1/2009	5.36616873%	6/1/2009	255,515.88	84,527,295.64
7/1/2009	5.36628593%	7/1/2009	273,015.09	84,254,280.55
8/1/2009	5.36639736%	8/1/2009	257,941.69	83,996,338.86
9/1/2009	5.36650999%	9/1/2009	259,125.57	83,737,213.29
10/1/2009	5.36663096%	10/1/2009	276,524.37	83,460,688.93
11/1/2009	5.36674613%	11/1/2009	261,584.05	83,199,104.87
12/1/2009	5.36686973%	12/1/2009	278,914.47	82,920,190.40
1/1/2010	5.36698752%	1/1/2010	264,064.79	82,656,125.61
2/1/2010	5.36710661%	2/1/2010	265,276.78	82,390,848.83
3/1/2010	5.36724880%	3/1/2010	314,524.76	82,076,324.07
4/1/2010	5.36737080%	4/1/2010	267,937.91	81,808,386.17
5/1/2010	5.36750149%	5/1/2010	285,091.57	81,523,294.59
6/1/2010	5.36762632%	6/1/2010	270,476.16	81,252,818.44
7/1/2010	5.36775996%	7/1/2010	287,559.22	80,965,259.21
8/1/2010	5.36788773%	8/1/2010	273,037.38	80,692,221.83
9/1/2010	5.36801695%	9/1/2010	274,290.55	80,417,931.28
10/1/2010	5.36815515%	10/1/2010	291,267.51	80,126,663.77
11/1/2010	5.36828746%	11/1/2010	276,886.30	79,849,777.46
12/1/2010	5.36842885%	12/1/2010	293,791.06	79,555,986.40
1/1/2011	5.36856434%	1/1/2011	279,505.55	79,276,480.85
2/1/2011	5.36870141%	2/1/2011	280,788.41	78,995,692.44
3/1/2011	5.36886307%	3/1/2011	328,599.57	78,667,092.87
4/1/2011	5.36900367%	4/1/2011	283,585.33	78,383,507.54

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
5/1/2011	5.36915368%	5/1/2011	300,303.74	78,083,203.79
6/1/2011	5.36929775%	6/1/2011	286,265.22	77,796,938.58
7/1/2011	5.36945136%	7/1/2011	302,909.09	77,494,029.49
8/1/2011	5.36959902%	8/1/2011	288,969.36	77,205,060.12
9/1/2011	5.36974848%	9/1/2011	290,295.65	76,914,764.47
10/1/2011	5.36990768%	10/1/2011	306,827.41	76,607,937.06
11/1/2011	5.37006092%	11/1/2011	293,036.28	76,314,900.78
12/1/2011	5.37022404%	12/1/2011	309,491.81	76,005,408.97
1/1/2012	5.37038120%	1/1/2012	295,801.72	75,709,607.25
2/1/2012	5.37054032%	2/1/2012	297,159.37	75,412,447.89
3/1/2012	5.37071768%	3/1/2012	328,477.16	75,083,970.73
4/1/2012	5.37088103%	4/1/2012	300,030.86	74,783,939.87
5/1/2012	5.37105467%	5/1/2012	316,291.82	74,467,648.04
6/1/2012	5.37122232%	6/1/2012	302,859.61	74,164,788.43
7/1/2012	5.37140042%	7/1/2012	319,041.89	73,845,746.54
8/1/2012	5.37157253%	8/1/2012	305,713.97	73,540,032.57
9/1/2012	5.37174687%	9/1/2012	307,117.11	73,232,915.46
10/1/2012	5.37193192%	10/1/2012	323,180.96	72,909,734.50
11/1/2012	5.37211097%	11/1/2012	310,010.00	72,599,724.50
12/1/2012	5.37230091%	12/1/2012	325,993.38	72,273,731.11
1/1/2013	5.37248486%	1/1/2013	312,929.08	71,960,802.03
2/1/2013	5.37267128%	2/1/2013	314,365.34	71,646,436.69
3/1/2013	5.37288621%	3/1/2013	359,066.32	71,287,370.37
4/1/2013	5.37307804%	4/1/2013	317,456.21	70,969,914.16
5/1/2013	5.37328126%	5/1/2013	333,232.45	70,636,681.71
6/1/2013	5.37347850%	6/1/2013	320,442.69	70,316,239.02
7/1/2013	5.37368734%	7/1/2013	336,135.86	69,980,103.16
8/1/2013	5.37389021%	8/1/2013	323,456.20	69,656,646.96
9/1/2013	5.37409591%	9/1/2013	324,940.77	69,331,706.19
10/1/2013	5.37431355%	10/1/2013	340,508.83	68,991,197.36

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
11/1/2013	5.37452523%	11/1/2013	327,995.00	68,663,202.36
12/1/2013	5.37474908%	12/1/2013	343,478.10	68,319,724.26
1/1/2014	5.37496699%	1/1/2014	331,076.88	67,988,647.38
2/1/2014	5.37518805%	2/1/2014	332,596.43	67,656,050.96
3/1/2014	5.33000000%	3/1/2014	375,608.69	67,280,442.27
4/1/2014	5.33000000%	4/1/2014	335,846.89	66,944,595.38
5/1/2014	5.33000000%	5/1/2014	351,111.58	66,593,483.80
6/1/2014	5.33000000%	6/1/2014	338,999.84	66,254,483.96
7/1/2014	5.33000000%	7/1/2014	354,176.82	65,900,307.13
8/1/2014	5.33000000%	8/1/2014	342,181.33	65,558,125.80
9/1/2014	5.33000000%	9/1/2014	343,751.85	65,214,373.96
10/1/2014	5.33000000%	10/1/2014	358,796.65	64,855,577.31
11/1/2014	5.33000000%	11/1/2014	346,976.35	64,508,600.96
12/1/2014	5.33000000%	12/1/2014	361,931.45	64,146,669.51
1/1/2015	5.33000000%	1/1/2015	350,230.04	63,796,439.47
2/1/2015	5.33000000%	2/1/2015	351,837.50	63,444,601.97
3/1/2015	5.33000000%	3/1/2015	393,067.48	63,051,534.49
4/1/2015	5.33000000%	4/1/2015	355,256.40	62,696,278.09
5/1/2015	5.33000000%	5/1/2015	369,981.19	62,326,296.90
6/1/2015	5.33000000%	6/1/2015	358,585.04	61,967,711.85
7/1/2015	5.33000000%	7/1/2015	373,217.24	61,594,494.62
8/1/2015	5.33000000%	8/1/2015	361,943.81	61,232,550.80
9/1/2015	5.33000000%	9/1/2015	363,605.03	60,868,945.77
10/1/2015	5.33000000%	10/1/2015	378,097.59	60,490,848.18
11/1/2015	5.33000000%	11/1/2015	367,009.24	60,123,838.94
12/1/2015	5.33000000%	12/1/2015	381,407.11	59,742,431.83
1/1/2016	5.33000000%	1/1/2016	370,444.27	59,371,987.57
2/1/2016	5.33000000%	2/1/2016	372,144.50	58,999,843.06
3/1/2016	5.33000000%	3/1/2016	398,946.50	58,600,896.56

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
4/1/2016	5.33000000%	4/1/2016	375,683.60	58,225,212.97
5/1/2016	5.33000000%	5/1/2016	389,840.17	57,835,372.80
6/1/2016	5.33000000%	6/1/2016	379,197.14	57,456,175.66
7/1/2016	5.33000000%	7/1/2016	393,255.98	57,062,919.68
8/1/2016	5.33000000%	8/1/2016	382,742.48	56,680,177.20
9/1/2016	5.33000000%	9/1/2016	384,499.16	56,295,678.04
10/1/2016	5.33000000%	10/1/2016	398,410.52	55,897,267.52
11/1/2016	5.33000000%	11/1/2016	388,092.50	55,509,175.01
12/1/2016	5.33000000%	12/1/2016	401,903.90	55,107,271.11
1/1/2017	5.33000000%	1/1/2017	391,718.37	54,715,552.74
2/1/2017	5.33000000%	2/1/2017	393,516.25	54,322,036.50
3/1/2017	5.33000000%	3/1/2017	430,885.58	53,891,150.91
4/1/2017	5.33000000%	4/1/2017	397,300.02	53,493,850.89
5/1/2017	5.33000000%	5/1/2017	410,855.30	53,082,995.59
6/1/2017	5.33000000%	6/1/2017	401,009.23	52,681,986.36
7/1/2017	5.33000000%	7/1/2017	414,461.33	52,267,525.03
8/1/2017	5.33000000%	8/1/2017	404,752.01	51,862,773.02
9/1/2017	5.33000000%	9/1/2017	406,609.71	51,456,163.30
10/1/2017	5.33000000%	10/1/2017	419,906.03	51,036,257.27
11/1/2017	5.33000000%	11/1/2017	410,403.19	50,625,854.08
12/1/2017	5.33000000%	12/1/2017	423,593.99	50,202,260.10
1/1/2018	5.33000000%	1/1/2018	414,231.00	49,788,029.09
2/1/2018	5.33000000%	2/1/2018	416,132.21	49,371,896.88
3/1/2018	5.33000000%	3/1/2018	451,406.66	48,920,490.22
4/1/2018	5.33000000%	4/1/2018	420,113.97	48,500,376.25
5/1/2018	5.33000000%	5/1/2018	433,034.65	48,067,341.59
6/1/2018	5.33000000%	6/1/2018	424,029.69	47,643,311.91
7/1/2018	5.33000000%	7/1/2018	436,841.45	47,206,470.46
8/1/2018	5.33000000%	8/1/2018	427,980.85	46,778,489.61
9/1/2018	5.33000000%	9/1/2018	429,945.16	46,348,544.45

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
10/1/2018	5.33000000%	10/1/2018	442,592.37	45,905,952.08
11/1/2018	5.33000000%	11/1/2018	433,949.87	45,472,002.22
12/1/2018	5.33000000%	12/1/2018	446,485.68	45,025,516.54
1/1/2019	5.33000000%	1/1/2019	437,990.82	44,587,525.72
2/1/2019	5.33000000%	2/1/2019	440,001.08	44,147,524.64
3/1/2019	5.33000000%	3/1/2019	473,064.59	43,674,460.05
4/1/2019	5.33000000%	4/1/2019	444,191.79	43,230,268.26
5/1/2019	5.33000000%	5/1/2019	456,442.72	42,773,825.54
6/1/2019	5.33000000%	6/1/2019	448,325.46	42,325,500.09
7/1/2019	5.33000000%	7/1/2019	460,461.39	41,865,038.69
8/1/2019	5.33000000%	8/1/2019	452,496.54	41,412,542.16
9/1/2019	5.33000000%	9/1/2019	454,573.37	40,957,968.79
10/1/2019	5.33000000%	10/1/2019	466,535.51	40,491,433.28
11/1/2019	5.33000000%	11/1/2019	458,801.00	40,032,632.28
12/1/2019	5.33000000%	12/1/2019	470,645.55	39,561,986.73
1/1/2020	5.33000000%	1/1/2020	463,066.90	39,098,919.82
2/1/2020	5.33000000%	2/1/2020	465,192.25	38,633,727.57
3/1/2020	5.33000000%	3/1/2020	486,390.68	38,147,336.89
4/1/2020	5.33000000%	4/1/2020	469,559.75	37,677,777.14
5/1/2020	5.33000000%	5/1/2020	481,105.03	37,196,672.11
6/1/2020	5.33000000%	6/1/2020	473,923.04	36,722,749.07
7/1/2020	5.33000000%	7/1/2020	485,346.95	36,237,402.12
8/1/2020	5.33000000%	8/1/2020	478,325.82	35,759,076.30
9/1/2020	5.33000000%	9/1/2020	480,521.21	35,278,555.09
10/1/2020	5.33000000%	10/1/2020	491,761.57	34,786,793.52
11/1/2020	5.33000000%	11/1/2020	484,983.71	34,301,809.80
12/1/2020	5.33000000%	12/1/2020	496,099.95	33,805,709.85
1/1/2021	5.33000000%	1/1/2021	489,486.62	33,316,223.24
2/1/2021	5.33000000%	2/1/2021	491,733.22	32,824,490.01

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
3/1/2021	5.33000000%	3/1/2021	520,004.86	32,304,485.16
4/1/2021	5.33000000%	4/1/2021	496,376.82	31,808,108.34
5/1/2021	5.33000000%	5/1/2021	507,176.14	31,300,932.19
6/1/2021	5.33000000%	6/1/2021	500,982.85	30,799,949.34
7/1/2021	5.33000000%	7/1/2021	511,654.05	30,288,295.29
8/1/2021	5.33000000%	8/1/2021	505,630.57	29,782,664.72
9/1/2021	5.33000000%	9/1/2021	507,951.28	29,274,713.45
10/1/2021	5.33000000%	10/1/2021	518,428.64	28,756,284.81
11/1/2021	5.33000000%	11/1/2021	512,662.07	28,243,622.74
12/1/2021	5.33000000%	12/1/2021	523,008.40	27,720,614.34
1/1/2022	5.33000000%	1/1/2022	517,415.51	27,203,198.82
2/1/2022	5.33000000%	2/1/2022	519,790.31	26,683,408.52
3/1/2022	5.33000000%	3/1/2022	545,463.05	26,137,945.46
4/1/2022	5.33000000%	4/1/2022	524,679.52	25,613,265.94
5/1/2022	5.33000000%	5/1/2022	534,691.57	25,078,574.37
6/1/2022	5.33000000%	6/1/2022	529,541.74	24,549,032.63
7/1/2022	5.33000000%	7/1/2022	539,418.54	24,009,614.09
8/1/2022	5.33000000%	8/1/2022	534,447.97	23,475,166.12
9/1/2022	5.33000000%	9/1/2022	536,900.94	22,938,265.18
10/1/2022	5.33000000%	10/1/2022	546,573.03	22,391,692.15
11/1/2022	5.33000000%	11/1/2022	541,873.79	21,849,818.36
12/1/2022	5.33000000%	12/1/2022	551,407.55	21,298,410.81
1/1/2023	5.33000000%	1/1/2023	546,891.64	20,751,519.17
2/1/2023	5.33000000%	2/1/2023	549,401.72	20,202,117.45
3/1/2023	5.33000000%	3/1/2023	572,331.60	19,629,785.84
4/1/2023	5.33000000%	4/1/2023	554,550.17	19,075,235.67
5/1/2023	5.33000000%	5/1/2023	563,731.32	18,511,504.35
6/1/2023	5.33000000%	6/1/2023	559,682.77	17,951,821.58
7/1/2023	5.33000000%	7/1/2023	568,721.15	17,383,100.43
8/1/2023	5.33000000%	8/1/2023	564,861.83	16,818,238.60

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
9/1/2023	5.33000000%	9/1/2023	567,454.39	16,250,784.21
10/1/2023	5.33000000%	10/1/2023	576,276.59	15,674,507.62
11/1/2023	5.33000000%	11/1/2023	572,703.80	15,101,803.83
12/1/2023	5.33000000%	12/1/2023	581,379.98	14,520,423.85
1/1/2024	5.33000000%	1/1/2024	578,000.72	13,942,423.13
2/1/2024	5.33000000%	2/1/2024	580,653.58	13,361,769.54
3/1/2024	5.33000000%	3/1/2024	594,898.64	12,766,870.90
4/1/2024	5.33000000%	4/1/2024	586,049.04	12,180,821.86
5/1/2024	5.33000000%	5/1/2024	594,354.01	11,586,467.85
6/1/2024	5.33000000%	6/1/2024	591,466.76	10,995,001.09
7/1/2024	5.33000000%	7/1/2024	599,621.03	10,395,380.06
8/1/2024	5.33000000%	8/1/2024	596,933.53	9,798,446.54
9/1/2024	5.33000000%	9/1/2024	599,673.29	9,198,773.25
10/1/2024	5.33000000%	10/1/2024	607,599.27	8,591,173.98
11/1/2024	5.33000000%	11/1/2024	605,214.33	7,985,959.65
12/1/2024	5.33000000%	12/1/2024	612,986.19	7,372,973.46
1/1/2025	5.33000000%	1/1/2025	610,805.53	6,762,167.93
2/1/2025	5.33000000%	2/1/2025	613,608.96	6,148,558.97
3/1/2025	5.33000000%	3/1/2025	630,591.41	5,517,967.56
4/1/2025	5.33000000%	4/1/2025	619,319.50	4,898,648.06
5/1/2025	5.33000000%	5/1/2025	626,698.99	4,271,949.07
6/1/2025	5.33000000%	6/1/2025	625,038.37	3,646,910.69
7/1/2025	5.33000000%	7/1/2025	632,258.80	3,014,651.90
8/1/2025	5.33000000%	8/1/2025	630,809.02	2,383,842.88
9/1/2025	5.33000000%	9/1/2025	633,704.26	1,750,138.62
10/1/2025	5.33000000%	10/1/2025	640,683.62	1,109,455.00
11/1/2025	5.33000000%	11/1/2025	639,553.34	469,901.65
12/1/2025	0.00000000%	12/1/2025	469,901.65	-
1/1/2026 and thereafter	0.00000000%	1/1/2026	-	-

Exhibit 10.31

PROMISSORY NOTE A-X

New York, New York
\$86,000,000 (initial and maximum notional amount) February 13, 2004

PROMISSORY NOTE A-X, dated as of February 13, 2004 (this NOTE), by 731 OFFICE ONE LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) this Promissory Note A-X, in the notional principal amount of \$86,000,000; (ii) that certain Promissory Note A-1, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$90,000,000 (NOTE A-1); (iii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iv) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (v) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); and (vi) that certain Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000 (NOTE B); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the interest and other fees, expenses and charges provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

BORROWER shall have the meaning provided in the first paragraph hereof.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of Note B becomes due and payable as provided in the Loan Agreement or Note B, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNTS shall have the meaning provided in Section 3(a).

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

NOTE B shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2014 and continuing to and including the Maturity Date.

NOTIONAL AMOUNT shall mean \$86,000,000 or so much of the aggregate principal amount that is outstanding under Note B from time to time.

STATED INTEREST RATE shall mean the rate of 00.11875% per annum.

2. INTEREST.

a. From and after the Anticipated Repayment Date, interest shall accrue on the Notional Amount at the Stated Interest Rate.

b. Interest on the Notional Amount shall be calculated based on the Stated Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on the Anticipated Repayment Date.

c. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS.

a. Commencing on April 1, 2014 and on each and every Payment Date thereafter until the Maturity Date, Borrower shall pay to Lender interest accruing hereunder for the entire Interest Period immediately preceding the month in which said Payment Date occurs. There shall be no required payments of principal under this Note.

b. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents. Any payments received after such time shall be credited to the next following Business Day.

c. All amounts advanced by Lender pursuant to the Loan Documents, other than the principal amount of the Loan, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by

Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

d. All unpaid accrued interest, all interest that would accrue on the Notional Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

e. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

f. All amounts due under this Note shall be due and payable in lawful money of the United States.

g. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. MISCELLANEOUS.

A. WAIVER. Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

B. NON-RECOURSE. Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

C. NOTE SECURED. This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

D. NOTICES. Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

E. ENTIRE AGREEMENT. This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

F. NO WAIVER. No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

G. SUCCESSORS AND ASSIGNS. This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

H. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

I. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

J. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole

or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

K. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED

IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

L. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING

BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF

THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

M. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a
Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a
Delaware corporation, its sole member

By: /s/ *Brian Kurtz*

Name: *Brian Kurtz*
Title: *Assistant Secretary*

PROMISSORY NOTE B

New York, New York
\$86,000,000.00 February 13, 2004

PROMISSORY NOTE B, dated as of February 13, 2004 (this NOTE), by 731 Office One LLC, a Delaware limited liability company (BORROWER), having an address for notice purposes c/o Alexander's Inc., 888 Seventh Avenue, New York, New York 10019, in favor of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, LENDER), having an office at 60 Wall Street, New York, New York 10005.

WHEREAS, Lender made a loan to Borrower in the original principal amount of \$400,000,000 (the LOAN);

WHEREAS, Lender is the present owner and holder of that certain Consolidated Amended and Restated Note, dated as of February 13, 2004, made by Borrower in favor of Lender (the EXISTING NOTE), which Existing Note evidences an indebtedness of Borrower to Lender in the original and current outstanding principal amount of \$400,000,000 (the EXISTING DEBT);

WHEREAS, pursuant to the Loan Agreement (as hereinafter defined), Borrower and Lender desire to sever the Existing Note into six (6) newly issued substitute promissory notes in an aggregate principal amount equal to the Existing Debt;

WHEREAS, from and after the date hereof, the Existing Note shall be amended, restated and superseded and the Loan shall be evidenced by (i) that certain Promissory Note A-1, in the principal amount of \$90,000,000 (NOTE A-1); (ii) that certain Promissory Note A-2, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$95,000,000 (NOTE A-2); (iii) that certain Promissory Note A-3, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$35,000,000 (NOTE A-3); (iv) that certain Promissory Note A-4, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$94,000,000 (NOTE A-4); (v) that certain Promissory Note A-X, dated as of the date hereof, made by Borrower in favor of Lender, in the notional principal amount of \$86,000,000 (NOTE A-X); and (vi) this Promissory Note B, dated as of the date hereof, made by Borrower in favor of Lender, in the principal amount of \$86,000,000;

WHEREAS, this Note, individually, evidences a portion of the Loan in the principal amount of EIGHTY-SIX MILLION DOLLARS (\$86,000,000); and

WHEREAS, Lender and Borrower intend these Recitals to be a material part of this Note.

NOW, THEREFORE, FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the Principal Amount, together with interest from the date hereof, and other fees, expenses and charges as provided in this Note.

1. DEFINED TERMS.

a. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below), unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Note, unless otherwise indicated.

b. The following terms shall have the meaning ascribed thereto:

ADDITIONAL INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, the excess of interest accrued at the Revised Interest Rate over interest accrued at the Stated Interest Rate (but shall not include the Post ARD Default Interest Strip).

ANTICIPATED REPAYMENT DATE shall mean March 1, 2014.

APPLICABLE INTEREST RATE shall mean (i) from the date hereof through and including the Anticipated Repayment Date, the Stated Interest Rate, and (ii) from the day after the Anticipated Repayment Date through and including the Maturity Date, the Revised Interest Rate.

B NOTE PROPORTIONATE SHARE shall mean, with respect to any date of determination, a fraction, expressed as a percentage, the numerator of which is the Principal Amount of this Note and the denominator of which is the outstanding aggregate principal amount of the Mortgage Notes.

BORROWER shall have the meaning provided in the first paragraph hereof.

DEFAULT RATE shall mean a rate per annum equal to the lesser of (a) the Maximum Legal Rate and (b) five percent (5%) above the Applicable Interest Rate.

DEFEASANCE LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on the earlier to occur of (i) two years after the "startup day," within the meaning of Section 860G(a)(9) of the Internal Revenue Code of 1986, as amended from time to time or any successor statute (the "Code"), of a "real estate mortgage investment conduit," ("REMIC") within the meaning of Section 860D of the Code, with respect to the last portion of the debt evidenced by the Mortgage Notes and the Security Instrument and (ii) four (4) years from the date hereof.

DEFERRED INTEREST shall mean the Additional Interest Strip and the Post ARD Default Interest Strip, collectively.

EXISTING DEBT shall have the meaning provided in the Recitals to this Note.

EXISTING NOTE shall have the meaning provided in the Recitals to this Note.

INTEREST PERIOD shall have the meaning provided in Section 2.

LENDER shall have the meaning provided in the first paragraph hereof.

LIQUIDATED DAMAGES AMOUNT shall have the meaning set forth in Section 4(e).

LOAN shall have the meaning provided in the Recitals to this Note.

LOAN AGREEMENT shall mean the Loan and Security Agreement, dated the date hereof, between Borrower and Lender.

MATURITY DATE shall mean March 1, 2029, or such earlier date on which the final payment of principal of this Note becomes due and payable as provided in the Loan Agreement or this Note, whether at such stated maturity date, by declaration of acceleration, or otherwise.

MATURITY DATE PAYMENT shall have the meaning set forth in Section 3(e).

MONTHLY AMOUNT shall have the meaning provided in Section 3(a).

MORTGAGE NOTES shall mean, collectively, this Note, Note A-1, Note A-2, Note A-3, Note A-4, Note A-X and any amendments, restatements or replacements of any thereof.

NOTE shall have the meaning provided in the first paragraph hereof.

NOTE A-X shall have the meaning provided in the Recitals to this Note.

NOTE A-1 shall have the meaning provided in the Recitals to this Note.

NOTE A-2 shall have the meaning provided in the Recitals to this Note.

NOTE A-3 shall have the meaning provided in the Recitals to this Note.

NOTE A-4 shall have the meaning provided in the Recitals to this Note.

PAYMENT DATE shall be the first (1st) calendar day of each calendar month, whether or not such day is a Business Day, commencing on April 1, 2004 and continuing to and including the Maturity Date.

POST ARD DEFAULT INTEREST STRIP shall mean, with respect to each Interest Period from and after the Anticipated Repayment Date, default interest accrued at a rate equal to the lesser of (x) 5.0% and (y) the amount by which the Maximum Legal Rate exceeds the Applicable Interest Rate.

PREPAYMENT DATE shall have the meaning provided in Section 4(a)(i).

PREPAYMENT LOCKOUT PERIOD shall mean the period commencing on the date hereof and expiring on December 1, 2013.

PREPAYMENT NOTICE shall have the meaning provided in Section 4(a)(i).

PRINCIPAL AMOUNT shall mean \$86,000,000 or so much of the aggregate principal amount that is outstanding under this Note from time to time.

REVISED INTEREST RATE shall mean, with respect to each Interest Period, a rate per annum equal to two percent (2%) above the Stated Interest Rate applicable to such Interest Period.

STATED INTEREST RATE shall mean, with respect to each Interest Period, the rate of interest set forth on EXHIBIT A hereto for such Interest Period.

TREASURY RATE shall mean, as of any Payment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from such Payment Date to the Anticipated Repayment Date (and converted to a monthly equivalent yield), as determined by Lender on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities or, if such publication is unavailable, such other recognized source of financial market information as shall be selected by Lender for the week prior to such Payment Date.

YIELD MAINTENANCE PREMIUM shall mean an amount equal to the product of:

(a) the positive difference (expressed as a percentage of the outstanding Principal Amount before any prepayment), if any, as of the date of determination between (i) the present value of all future scheduled payments of interest and principal, including the principal amount due on the Anticipated Repayment Date, to be made on this Note before the prepayment in question, discounted at an interest rate per annum equal to the Treasury Rate, and (ii) the outstanding Principal Amount immediately before such prepayment; and (b) the Principal Amount being prepaid.

2. INTEREST.

a. Prior to the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Stated Interest Rate. In the event that Borrower does not repay the Principal Amount in full on or before the Anticipated Repayment Date, then, from and after the Anticipated Repayment Date, interest shall accrue on the Principal Amount at the Revised Interest Rate. From and after the occurrence and during the continuance of any Event of Default, interest shall accrue at the Default Rate.

b. Interest on the principal sum of this Note shall be calculated based on the Applicable Interest Rate on the basis of a fraction, the denominator of which shall be 360 and the numerator of which shall be the actual number of days in the relevant Interest Period, except that interest due and payable for a period less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360 day year. Interest shall accrue from, and including, the first (1st) day of the prior month and ending on the last day of the prior month (an INTEREST PERIOD); in each case without adjustment for any Business Day convention; provided that the first accrual period shall commence on March 1, 2004.

c. Except as expressly set forth in the Loan Agreement to the contrary, interest shall accrue on all amounts advanced by Lender pursuant to the Loan Documents (other than the Principal Amount, which shall accrue interest in accordance with clauses a. and b. above) at the Default Rate.

d. The provisions of this Section 2 are subject in all events to the provisions of Section 2.2.4 of the Loan Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST.

a. Interest and principal under this Note shall be payable as follows:

i. interest accruing from the date hereof to and including February 29, 2004 shall be paid on the date hereof; and

ii. commencing on April 1, 2004 and on each and every Payment Date thereafter until the Maturity Date, monthly installments of interest payable on this Note, in arrears, and scheduled principal amortization in the amounts (if any) (the MONTHLY AMOUNTS) set forth on EXHIBIT A hereto (subject to adjustment as provided in Section 4(f)).

b. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, Borrower shall continue to make payments of the accrued interest and Monthly Amounts on each Payment Date. From and after the Anticipated Repayment Date, unless the Indebtedness has been repaid in full, all Excess Cash Flow remaining after application thereof to Note A-1, Note A-2, Note A-3 and Note A-4 in accordance with the terms of such Mortgage Notes, shall be applied as a partial prepayment of the outstanding Principal Amount. Deferred Interest shall be payable after all principal and other amounts due under the Loan have been paid in full.

c. All payments made by Borrower hereunder or under any of the Loan Documents shall be made on or before 2:00 p.m. New York City time or such later time as Lender or its servicer shall apply amounts on deposit in the Holding Account in accordance the terms of the Loan Documents.

Any payments received after such time shall be credited to the next following Business Day.

d. All amounts advanced by Lender pursuant to the Loan Documents, other than the Principal Amount, or other charges provided in the Loan Documents, shall be due and payable as provided in the Loan Documents. In the event any such advance or charge is not so repaid by Borrower, Lender may, at its option, first apply any payments received under this Note to repay such advances, together with any interest thereon, or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment of interest or principal then due and payable.

e. The entire Principal Amount of this Note, all unpaid accrued interest, all interest that would accrue on the Principal Amount through the end of the Interest Period during which the Maturity Date occurs and all other fees and sums then payable hereunder or under the Loan Documents (collectively, the MATURITY DATE PAYMENT), shall be due and payable in full on the Maturity Date.

f. Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, at the office of Lender or its agent or designee at the address set forth on the first page of this Note or at such other place as Lender or its agent or designee may from time to time designate in writing.

g. All amounts due under this Note, including, without limitation, interest and the Principal Amount, shall be due and payable in lawful money of the United States.

h. To the extent that Borrower makes a payment or Lender receives any payment or proceeds for Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Borrower hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Lender.

4. PREPAYMENTS. Except as permitted in Sections 4(a), 4(b), 4(c) and 4(d) hereof, the outstanding Principal Amount may not be prepaid in whole or in part. Any Principal Amount prepaid pursuant to this Section 4 may not be reborrowed hereunder.

a. VOLUNTARY PREPAYMENTS. Borrower shall not have the right to prepay, in whole or in part, the Principal Amount due hereunder prior to the Anticipated Repayment Date (other than with respect to the application of

Proceeds pursuant to Section 6.2 of the Loan Agreement); provided, however, Borrower shall be entitled to make a prepayment of all of the Principal Amount on any Business Day occurring after the expiration of the Prepayment Lockout Period, without any premium or penalty upon satisfaction of the following conditions:

i. Borrower shall provide prior irrevocable written notice (the PREPAYMENT NOTICE) to Lender specifying the proposed Business Day on which the prepayment is to be made, which Business Day shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice (the date of such prepayment pursuant to this Section 4(a) and Section 4(b) below being the PREPAYMENT DATE); and

ii. Borrower shall comply with the provisions set forth in Section 4(c) and Section 4(d) of this Note.

iii. In connection with any voluntary prepayment, other than payments from Excess Cash Flow as set forth in Section 3(b), Borrower shall concurrently repay all of the other Indebtedness in full.

iv. Borrower agrees that all Excess Cash Flow shall be applied in accordance with the terms of the Loan Agreement, including, without limitation, Article III and Section 16.5 of the Loan Agreement and the provisions of Section 3(b) hereof.

b. DEFEASANCE. From and after expiration of the Defeasance Lockout Period and prior to the Anticipated Repayment Date, Borrower shall have the right to defease the Loan pursuant to the provisions of Article IX of the Loan Agreement. In no event shall a prepayment of this Note in accordance with Sections 4(a) or 4(c) trigger or result in any defeasance liability under this Note or the other Loan Documents.

c. MANDATORY PREPAYMENTS.

i. On the next occurring Payment Date following the date on which Borrower actually receives any Proceeds, if Lender is not obligated pursuant to the terms of the Loan Agreement to make such Proceeds available to Borrower for the restoration of the Property, Borrower shall use the B Note Proportionate Share of such Proceeds to prepay the outstanding principal balance of this Note as set forth in Section 6.2.3 of the Loan Agreement; and

ii. Borrower shall comply with the provisions set forth in Section 4(d) and Section 4(e) of this Note (provided, however, that the Liquidated Damages Amount and the Yield Maintenance Premium shall not apply to prepayments made from the receipt of Proceeds).

d. PAYMENTS IN CONNECTION WITH A PREPAYMENT.

i. On the date on which a prepayment, voluntary, involuntary or mandatory, is made under this Note or as required under the Loan Agreement, Borrower shall, unless such prepayment is made on a Payment Date, pay to Lender all unpaid interest on the Principal Amount prepaid through the end of the Interest Period during which such prepayment is made.

ii. On the Business Day on which a prepayment is made, Borrower shall pay to Lender all other sums (not including scheduled interest and principal payments) then due and payable under the Note, and the B Note Proportionate Share of all other sums then due and payable under the Loan Agreement, the Security Instrument, and the other Loan Documents;

iii. Borrower shall pay (without duplication) all reasonable costs and expenses of Lender incurred in connection with the prepayment (including without limitation, any reasonable costs and expenses associated with a release or assignment of the Lien of the related Security Instrument as set forth in Section 2.3.3 of the Loan Agreement as well as reasonable attorneys' fees and expenses); and

iv. In the event of a prepayment made after an acceleration of the Loan, Borrower shall also pay to Lender the Yield Maintenance Premium to the extent such prepayment is made prior to expiration of the Prepayment Lockout Period.

e. LIQUIDATED DAMAGES AMOUNT. IF NOTWITHSTANDING THE PROHIBITIONS OF THIS SECTION 4, THE LOAN IS VOLUNTARILY OR INVOLUNTARILY REPAYED DURING THE PREPAYMENT LOCKOUT PERIOD (EXCLUDING PREPAYMENTS MADE (I) IN ACCORDANCE WITH SECTION 4(C) OF THIS NOTE AND (II) FROM A DEFEASANCE OF THE LOAN IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS AFTER EXPIRATION OF THE DEFEASANCE LOCKOUT PERIOD), INCLUDING, BUT NOT LIMITED TO, AS A RESULT OF AN ACCELERATED MATURITY DATE, THEN BORROWER SHALL PAY TO LENDER, AS LIQUIDATED DAMAGES FOR SUCH DEFAULT AND NOT AS A PENALTY, AND IN ADDITION TO ANY AND ALL OTHER SUMS AND FEES PAYABLE UNDER THIS NOTE AND THE OTHER LOAN DOCUMENTS, AN AMOUNT EQUAL TO THE GREATER OF (A) FIVE PERCENT (5%) OF THE PRINCIPAL AMOUNT BEING REPAYED HEREUNDER AND (B) THE YIELD MAINTENANCE PREMIUM (THE LIQUIDATED DAMAGES AMOUNT). NOTWITHSTANDING THE FOREGOING, THE

**LIQUIDATED DAMAGES AMOUNT SHALL NOT BE APPLIED TOWARD ANY
PREPAYMENTS FROM PROCEEDS.**

f. **MODIFICATION OF MONTHLY AMOUNTS.** In the event that any partial prepayment of principal occurs before the Anticipated Repayment Date the Payment Dates shall remain the same and Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. In the event that any partial prepayment of principal occurs after the Anticipated Repayment Date or Excess Cash Flow is applied to the prepayment of principal after the Anticipated Repayment Date, the Payment Dates shall remain the same, Lender shall recalculate the amount of subsequent Monthly Amounts to reflect the reduction of the Principal Amount. Deferred Interest accrued pursuant to Section 3(b) of this Note shall not result in any increase in the Monthly Amounts or the Stated Interest Rate.

5. **MISCELLANEOUS.**

a. **WAIVER.** Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisal, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and, except as otherwise expressly provided in the Loan Documents, all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Borrower consents to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of the collateral securing this Note or any part thereof, with or without substitution, and agrees that additional makers may become parties hereto without notice to them or affecting their liability under this Note.

b. **NON-RECOURSE.** Recourse with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Note.

c. **NOTE SECURED.** This Note and all obligations of Borrower hereunder are secured by the Loan Agreement, the Security Instrument and the other Loan Documents.

d. **NOTICES.** Any notice, election, request or demand which by any provision of this Note is required or permitted to be given or served hereunder shall be given or served in the manner required for the delivery of notices pursuant to the Loan Agreement.

e. ENTIRE AGREEMENT. This Note, together with the other Loan Documents, constitutes the entire and final agreement between Borrower and Lender with respect to the subject matter hereof and thereof and may only be changed, amended, modified or waived by an instrument in writing signed by Borrower and Lender.

f. NO WAIVER. No waiver of any term or condition of this Note, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, Borrower shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

g. SUCCESSORS AND ASSIGNS. This Note shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and permitted assigns. Upon any endorsement, assignment, or other transfer of this Note by Lender or by operation of law, the term "Lender" as used herein, shall mean such endorsee, assignee, or other transferee or successor to Lender then becoming the holder of this Note. The term "Borrower" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees, legatees and heirs of Borrower, if any.

h. CAPTIONS. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Note.

i. COUNTERPARTS. This Note may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Note.

j. SEVERABILITY. The provisions of this Note are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Note.

k. GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF

PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

l. JURY TRIAL WAIVER. BORROWER, LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER BORROWER OR LENDER, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION

(I) ARISING UNDER THIS NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND BORROWER AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

m. COUNTERCLAIMS AND OTHER ACTIONS. Borrower hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Note, any and every right it may have to (i) interpose any counterclaim therein (other than a mandatory or compulsory counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Note and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day and year first above written.

BORROWER:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ *Brian Kurtz*

Name: *Brian Kurtz*
Title: *Assistant Secretary*

**EXHIBIT A
PROMISSORY NOTE B**

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
2/15/2004	5.21125000%			
3/1/2004	5.21125000%	3/1/2004	-	86,000,000.00
4/1/2004	5.21125000%	4/1/2004	-	86,000,000.00
5/1/2004	5.21125000%	5/1/2004	-	86,000,000.00
6/1/2004	5.21125000%	6/1/2004	-	86,000,000.00
7/1/2004	5.21125000%	7/1/2004	-	86,000,000.00
8/1/2004	5.21125000%	8/1/2004	-	86,000,000.00
9/1/2004	5.21125000%	9/1/2004	-	86,000,000.00
10/1/2004	5.21125000%	10/1/2004	-	86,000,000.00
11/1/2004	5.21125000%	11/1/2004	-	86,000,000.00
12/1/2004	5.21125000%	12/1/2004	-	86,000,000.00
1/1/2005	5.21125000%	1/1/2005	-	86,000,000.00
2/1/2005	5.21125000%	2/1/2005	-	86,000,000.00
3/1/2005	5.21125000%	3/1/2005	-	86,000,000.00
4/1/2005	5.21125000%	4/1/2005	-	86,000,000.00
5/1/2005	5.21125000%	5/1/2005	-	86,000,000.00
6/1/2005	5.21125000%	6/1/2005	-	86,000,000.00
7/1/2005	5.21125000%	7/1/2005	-	86,000,000.00
8/1/2005	5.21125000%	8/1/2005	-	86,000,000.00
9/1/2005	5.21125000%	9/1/2005	-	86,000,000.00
10/1/2005	5.21125000%	10/1/2005	-	86,000,000.00
11/1/2005	5.21125000%	11/1/2005	-	86,000,000.00
12/1/2005	5.21125000%	12/1/2005	-	86,000,000.00
1/1/2006	5.21125000%	1/1/2006	-	86,000,000.00
2/1/2006	5.21125000%	2/1/2006	-	86,000,000.00
3/1/2006	5.21125000%	3/1/2006	-	86,000,000.00
4/1/2006	5.21125000%	4/1/2006	-	86,000,000.00
5/1/2006	5.21125000%	5/1/2006	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
6/1/2006	5.21125000%	6/1/2006	-	86,000,000.00
7/1/2006	5.21125000%	7/1/2006	-	86,000,000.00
8/1/2006	5.21125000%	8/1/2006	-	86,000,000.00
9/1/2006	5.21125000%	9/1/2006	-	86,000,000.00
10/1/2006	5.21125000%	10/1/2006	-	86,000,000.00
11/1/2006	5.21125000%	11/1/2006	-	86,000,000.00
12/1/2006	5.21125000%	12/1/2006	-	86,000,000.00
1/1/2007	5.21125000%	1/1/2007	-	86,000,000.00
2/1/2007	5.21125000%	2/1/2007	-	86,000,000.00
3/1/2007	5.21125000%	3/1/2007	-	86,000,000.00
4/1/2007	5.21125000%	4/1/2007	-	86,000,000.00
5/1/2007	5.21125000%	5/1/2007	-	86,000,000.00
6/1/2007	5.21125000%	6/1/2007	-	86,000,000.00
7/1/2007	5.21125000%	7/1/2007	-	86,000,000.00
8/1/2007	5.21125000%	8/1/2007	-	86,000,000.00
9/1/2007	5.21125000%	9/1/2007	-	86,000,000.00
10/1/2007	5.21125000%	10/1/2007	-	86,000,000.00
11/1/2007	5.21125000%	11/1/2007	-	86,000,000.00
12/1/2007	5.21125000%	12/1/2007	-	86,000,000.00
1/1/2008	5.21125000%	1/1/2008	-	86,000,000.00
2/1/2008	5.21125000%	2/1/2008	-	86,000,000.00
3/1/2008	5.21125000%	3/1/2008	-	86,000,000.00
4/1/2008	5.21125000%	4/1/2008	-	86,000,000.00
5/1/2008	5.21125000%	5/1/2008	-	86,000,000.00
6/1/2008	5.21125000%	6/1/2008	-	86,000,000.00
7/1/2008	5.21125000%	7/1/2008	-	86,000,000.00
8/1/2008	5.21125000%	8/1/2008	-	86,000,000.00
9/1/2008	5.21125000%	9/1/2008	-	86,000,000.00
10/1/2008	5.21125000%	10/1/2008	-	86,000,000.00
11/1/2008	5.21125000%	11/1/2008	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
12/1/2008	5.21125000%	12/1/2008	-	86,000,000.00
1/1/2009	5.21125000%	1/1/2009	-	86,000,000.00
2/1/2009	5.21125000%	2/1/2009	-	86,000,000.00
3/1/2009	5.21125000%	3/1/2009	-	86,000,000.00
4/1/2009	5.21125000%	4/1/2009	-	86,000,000.00
5/1/2009	5.21125000%	5/1/2009	-	86,000,000.00
6/1/2009	5.21125000%	6/1/2009	-	86,000,000.00
7/1/2009	5.21125000%	7/1/2009	-	86,000,000.00
8/1/2009	5.21125000%	8/1/2009	-	86,000,000.00
9/1/2009	5.21125000%	9/1/2009	-	86,000,000.00
10/1/2009	5.21125000%	10/1/2009	-	86,000,000.00
11/1/2009	5.21125000%	11/1/2009	-	86,000,000.00
12/1/2009	5.21125000%	12/1/2009	-	86,000,000.00
1/1/2010	5.21125000%	1/1/2010	-	86,000,000.00
2/1/2010	5.21125000%	2/1/2010	-	86,000,000.00
3/1/2010	5.21125000%	3/1/2010	-	86,000,000.00
4/1/2010	5.21125000%	4/1/2010	-	86,000,000.00
5/1/2010	5.21125000%	5/1/2010	-	86,000,000.00
6/1/2010	5.21125000%	6/1/2010	-	86,000,000.00
7/1/2010	5.21125000%	7/1/2010	-	86,000,000.00
8/1/2010	5.21125000%	8/1/2010	-	86,000,000.00
9/1/2010	5.21125000%	9/1/2010	-	86,000,000.00
10/1/2010	5.21125000%	10/1/2010	-	86,000,000.00
11/1/2010	5.21125000%	11/1/2010	-	86,000,000.00
12/1/2010	5.21125000%	12/1/2010	-	86,000,000.00
1/1/2011	5.21125000%	1/1/2011	-	86,000,000.00
2/1/2011	5.21125000%	2/1/2011	-	86,000,000.00
3/1/2011	5.21125000%	3/1/2011	-	86,000,000.00
4/1/2011	5.21125000%	4/1/2011	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
5/1/2011	5.21125000%	5/1/2011	-	86,000,000.00
6/1/2011	5.21125000%	6/1/2011	-	86,000,000.00
7/1/2011	5.21125000%	7/1/2011	-	86,000,000.00
8/1/2011	5.21125000%	8/1/2011	-	86,000,000.00
9/1/2011	5.21125000%	9/1/2011	-	86,000,000.00
10/1/2011	5.21125000%	10/1/2011	-	86,000,000.00
11/1/2011	5.21125000%	11/1/2011	-	86,000,000.00
12/1/2011	5.21125000%	12/1/2011	-	86,000,000.00
1/1/2012	5.21125000%	1/1/2012	-	86,000,000.00
2/1/2012	5.21125000%	2/1/2012	-	86,000,000.00
3/1/2012	5.21125000%	3/1/2012	-	86,000,000.00
4/1/2012	5.21125000%	4/1/2012	-	86,000,000.00
5/1/2012	5.21125000%	5/1/2012	-	86,000,000.00
6/1/2012	5.21125000%	6/1/2012	-	86,000,000.00
7/1/2012	5.21125000%	7/1/2012	-	86,000,000.00
8/1/2012	5.21125000%	8/1/2012	-	86,000,000.00
9/1/2012	5.21125000%	9/1/2012	-	86,000,000.00
10/1/2012	5.21125000%	10/1/2012	-	86,000,000.00
11/1/2012	5.21125000%	11/1/2012	-	86,000,000.00
12/1/2012	5.21125000%	12/1/2012	-	86,000,000.00
1/1/2013	5.21125000%	1/1/2013	-	86,000,000.00
2/1/2013	5.21125000%	2/1/2013	-	86,000,000.00
3/1/2013	5.21125000%	3/1/2013	-	86,000,000.00
4/1/2013	5.21125000%	4/1/2013	-	86,000,000.00
5/1/2013	5.21125000%	5/1/2013	-	86,000,000.00
6/1/2013	5.21125000%	6/1/2013	-	86,000,000.00
7/1/2013	5.21125000%	7/1/2013	-	86,000,000.00
8/1/2013	5.21125000%	8/1/2013	-	86,000,000.00
9/1/2013	5.21125000%	9/1/2013	-	86,000,000.00
10/1/2013	5.21125000%	10/1/2013	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
11/1/2013	5.21125000%	11/1/2013	-	86,000,000.00
12/1/2013	5.21125000%	12/1/2013	-	86,000,000.00
1/1/2014	5.21125000%	1/1/2014	-	86,000,000.00
2/1/2014	5.21125000%	2/1/2014	-	86,000,000.00
3/1/2014	5.21125000%	3/1/2014	-	86,000,000.00
4/1/2014	5.21125000%	4/1/2014	-	86,000,000.00
5/1/2014	5.21125000%	5/1/2014	-	86,000,000.00
6/1/2014	5.21125000%	6/1/2014	-	86,000,000.00
7/1/2014	5.21125000%	7/1/2014	-	86,000,000.00
8/1/2014	5.21125000%	8/1/2014	-	86,000,000.00
9/1/2014	5.21125000%	9/1/2014	-	86,000,000.00
10/1/2014	5.21125000%	10/1/2014	-	86,000,000.00
11/1/2014	5.21125000%	11/1/2014	-	86,000,000.00
12/1/2014	5.21125000%	12/1/2014	-	86,000,000.00
1/1/2015	5.21125000%	1/1/2015	-	86,000,000.00
2/1/2015	5.21125000%	2/1/2015	-	86,000,000.00
3/1/2015	5.21125000%	3/1/2015	-	86,000,000.00
4/1/2015	5.21125000%	4/1/2015	-	86,000,000.00
5/1/2015	5.21125000%	5/1/2015	-	86,000,000.00
6/1/2015	5.21125000%	6/1/2015	-	86,000,000.00
7/1/2015	5.21125000%	7/1/2015	-	86,000,000.00
8/1/2015	5.21125000%	8/1/2015	-	86,000,000.00
9/1/2015	5.21125000%	9/1/2015	-	86,000,000.00
10/1/2015	5.21125000%	10/1/2015	-	86,000,000.00
11/1/2015	5.21125000%	11/1/2015	-	86,000,000.00
12/1/2015	5.21125000%	12/1/2015	-	86,000,000.00
1/1/2016	5.21125000%	1/1/2016	-	86,000,000.00
2/1/2016	5.21125000%	2/1/2016	-	86,000,000.00
3/1/2016	5.21125000%	3/1/2016	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
4/1/2016	5.21125000%	4/1/2016	-	86,000,000.00
5/1/2016	5.21125000%	5/1/2016	-	86,000,000.00
6/1/2016	5.21125000%	6/1/2016	-	86,000,000.00
7/1/2016	5.21125000%	7/1/2016	-	86,000,000.00
8/1/2016	5.21125000%	8/1/2016	-	86,000,000.00
9/1/2016	5.21125000%	9/1/2016	-	86,000,000.00
10/1/2016	5.21125000%	10/1/2016	-	86,000,000.00
11/1/2016	5.21125000%	11/1/2016	-	86,000,000.00
12/1/2016	5.21125000%	12/1/2016	-	86,000,000.00
1/1/2017	5.21125000%	1/1/2017	-	86,000,000.00
2/1/2017	5.21125000%	2/1/2017	-	86,000,000.00
3/1/2017	5.21125000%	3/1/2017	-	86,000,000.00
4/1/2017	5.21125000%	4/1/2017	-	86,000,000.00
5/1/2017	5.21125000%	5/1/2017	-	86,000,000.00
6/1/2017	5.21125000%	6/1/2017	-	86,000,000.00
7/1/2017	5.21125000%	7/1/2017	-	86,000,000.00
8/1/2017	5.21125000%	8/1/2017	-	86,000,000.00
9/1/2017	5.21125000%	9/1/2017	-	86,000,000.00
10/1/2017	5.21125000%	10/1/2017	-	86,000,000.00
11/1/2017	5.21125000%	11/1/2017	-	86,000,000.00
12/1/2017	5.21125000%	12/1/2017	-	86,000,000.00
1/1/2018	5.21125000%	1/1/2018	-	86,000,000.00
2/1/2018	5.21125000%	2/1/2018	-	86,000,000.00
3/1/2018	5.21125000%	3/1/2018	-	86,000,000.00
4/1/2018	5.21125000%	4/1/2018	-	86,000,000.00
5/1/2018	5.21125000%	5/1/2018	-	86,000,000.00
6/1/2018	5.21125000%	6/1/2018	-	86,000,000.00
7/1/2018	5.21125000%	7/1/2018	-	86,000,000.00
8/1/2018	5.21125000%	8/1/2018	-	86,000,000.00
9/1/2018	5.21125000%	9/1/2018	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
10/1/2018	5.21125000%	10/1/2018	-	86,000,000.00
11/1/2018	5.21125000%	11/1/2018	-	86,000,000.00
12/1/2018	5.21125000%	12/1/2018	-	86,000,000.00
1/1/2019	5.21125000%	1/1/2019	-	86,000,000.00
2/1/2019	5.21125000%	2/1/2019	-	86,000,000.00
3/1/2019	5.21125000%	3/1/2019	-	86,000,000.00
4/1/2019	5.21125000%	4/1/2019	-	86,000,000.00
5/1/2019	5.21125000%	5/1/2019	-	86,000,000.00
6/1/2019	5.21125000%	6/1/2019	-	86,000,000.00
7/1/2019	5.21125000%	7/1/2019	-	86,000,000.00
8/1/2019	5.21125000%	8/1/2019	-	86,000,000.00
9/1/2019	5.21125000%	9/1/2019	-	86,000,000.00
10/1/2019	5.21125000%	10/1/2019	-	86,000,000.00
11/1/2019	5.21125000%	11/1/2019	-	86,000,000.00
12/1/2019	5.21125000%	12/1/2019	-	86,000,000.00
1/1/2020	5.21125000%	1/1/2020	-	86,000,000.00
2/1/2020	5.21125000%	2/1/2020	-	86,000,000.00
3/1/2020	5.21125000%	3/1/2020	-	86,000,000.00
4/1/2020	5.21125000%	4/1/2020	-	86,000,000.00
5/1/2020	5.21125000%	5/1/2020	-	86,000,000.00
6/1/2020	5.21125000%	6/1/2020	-	86,000,000.00
7/1/2020	5.21125000%	7/1/2020	-	86,000,000.00
8/1/2020	5.21125000%	8/1/2020	-	86,000,000.00
9/1/2020	5.21125000%	9/1/2020	-	86,000,000.00
10/1/2020	5.21125000%	10/1/2020	-	86,000,000.00
11/1/2020	5.21125000%	11/1/2020	-	86,000,000.00
12/1/2020	5.21125000%	12/1/2020	-	86,000,000.00
1/1/2021	5.21125000%	1/1/2021	-	86,000,000.00
2/1/2021	5.21125000%	2/1/2021	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
3/1/2021	5.21125000%	3/1/2021	-	86,000,000.00
4/1/2021	5.21125000%	4/1/2021	-	86,000,000.00
5/1/2021	5.21125000%	5/1/2021	-	86,000,000.00
6/1/2021	5.21125000%	6/1/2021	-	86,000,000.00
7/1/2021	5.21125000%	7/1/2021	-	86,000,000.00
8/1/2021	5.21125000%	8/1/2021	-	86,000,000.00
9/1/2021	5.21125000%	9/1/2021	-	86,000,000.00
10/1/2021	5.21125000%	10/1/2021	-	86,000,000.00
11/1/2021	5.21125000%	11/1/2021	-	86,000,000.00
12/1/2021	5.21125000%	12/1/2021	-	86,000,000.00
1/1/2022	5.21125000%	1/1/2022	-	86,000,000.00
2/1/2022	5.21125000%	2/1/2022	-	86,000,000.00
3/1/2022	5.21125000%	3/1/2022	-	86,000,000.00
4/1/2022	5.21125000%	4/1/2022	-	86,000,000.00
5/1/2022	5.21125000%	5/1/2022	-	86,000,000.00
6/1/2022	5.21125000%	6/1/2022	-	86,000,000.00
7/1/2022	5.21125000%	7/1/2022	-	86,000,000.00
8/1/2022	5.21125000%	8/1/2022	-	86,000,000.00
9/1/2022	5.21125000%	9/1/2022	-	86,000,000.00
10/1/2022	5.21125000%	10/1/2022	-	86,000,000.00
11/1/2022	5.21125000%	11/1/2022	-	86,000,000.00
12/1/2022	5.21125000%	12/1/2022	-	86,000,000.00
1/1/2023	5.21125000%	1/1/2023	-	86,000,000.00
2/1/2023	5.21125000%	2/1/2023	-	86,000,000.00
3/1/2023	5.21125000%	3/1/2023	-	86,000,000.00
4/1/2023	5.21125000%	4/1/2023	-	86,000,000.00
5/1/2023	5.21125000%	5/1/2023	-	86,000,000.00
6/1/2023	5.21125000%	6/1/2023	-	86,000,000.00
7/1/2023	5.21125000%	7/1/2023	-	86,000,000.00
8/1/2023	5.21125000%	8/1/2023	-	86,000,000.00

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
9/1/2023	5.21125000%	9/1/2023	-	86,000,000.00
10/1/2023	5.21125000%	10/1/2023	-	86,000,000.00
11/1/2023	5.21125000%	11/1/2023	-	86,000,000.00
12/1/2023	5.21125000%	12/1/2023	-	86,000,000.00
1/1/2024	5.21125000%	1/1/2024	-	86,000,000.00
2/1/2024	5.21125000%	2/1/2024	-	86,000,000.00
3/1/2024	5.21125000%	3/1/2024	-	86,000,000.00
4/1/2024	5.21125000%	4/1/2024	-	86,000,000.00
5/1/2024	5.21125000%	5/1/2024	-	86,000,000.00
6/1/2024	5.21125000%	6/1/2024	-	86,000,000.00
7/1/2024	5.21125000%	7/1/2024	-	86,000,000.00
8/1/2024	5.21125000%	8/1/2024	-	86,000,000.00
9/1/2024	5.21125000%	9/1/2024	-	86,000,000.00
10/1/2024	5.21125000%	10/1/2024	-	86,000,000.00
11/1/2024	5.21125000%	11/1/2024	-	86,000,000.00
12/1/2024	5.21125000%	12/1/2024	-	86,000,000.00
1/1/2025	5.21125000%	1/1/2025	-	86,000,000.00
2/1/2025	5.21125000%	2/1/2025	-	86,000,000.00
3/1/2025	5.21125000%	3/1/2025	-	86,000,000.00
4/1/2025	5.21125000%	4/1/2025	-	86,000,000.00
5/1/2025	5.21125000%	5/1/2025	-	86,000,000.00
6/1/2025	5.21125000%	6/1/2025	-	86,000,000.00
7/1/2025	5.21125000%	7/1/2025	-	86,000,000.00
8/1/2025	5.21125000%	8/1/2025	-	86,000,000.00
9/1/2025	5.21125000%	9/1/2025	-	86,000,000.00
10/1/2025	5.21125000%	10/1/2025	-	86,000,000.00
11/1/2025	5.21125000%	11/1/2025	-	86,000,000.00
12/1/2025	5.21125000%	12/1/2025	589,479.40	85,410,520.60
1/1/2026	5.21125000%	1/1/2026	2,156,095.61	83,254,424.98

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
2/1/2026	5.21125000%	2/1/2026	2,165,991.49	81,088,433.49
3/1/2026	5.21125000%	3/1/2026	2,211,949.57	78,876,483.92
4/1/2026	5.21125000%	4/1/2026	2,186,085.03	76,690,398.90
5/1/2026	5.21125000%	5/1/2026	2,207,472.99	74,482,925.91
6/1/2026	5.21125000%	6/1/2026	2,206,250.24	72,276,675.67
7/1/2026	5.21125000%	7/1/2026	2,227,077.28	70,049,598.40
8/1/2026	5.21125000%	8/1/2026	2,226,597.98	67,823,000.42
9/1/2026	5.21125000%	9/1/2026	2,236,817.44	65,586,182.98
10/1/2026	5.21125000%	10/1/2026	2,256,794.21	63,329,388.76
11/1/2026	5.21125000%	11/1/2026	2,257,441.87	61,071,946.89
12/1/2026	5.21125000%	12/1/2026	2,276,844.95	58,795,101.94
1/1/2027	5.21125000%	1/1/2027	2,278,252.99	56,516,848.95
2/1/2027	5.21125000%	2/1/2027	2,288,709.54	54,228,139.41
3/1/2027	5.21125000%	3/1/2027	2,323,300.41	51,904,839.00
4/1/2027	5.21125000%	4/1/2027	2,309,877.38	49,594,961.62
5/1/2027	5.21125000%	5/1/2027	2,327,821.89	47,267,139.73
6/1/2027	5.21125000%	6/1/2027	2,331,163.13	44,935,976.60
7/1/2027	5.21125000%	7/1/2027	2,348,515.55	42,587,461.05
8/1/2027	5.21125000%	8/1/2027	2,352,641.56	40,234,819.49
9/1/2027	5.21125000%	9/1/2027	2,363,439.53	37,871,379.96
10/1/2027	5.21125000%	10/1/2027	2,379,894.13	35,491,485.83
11/1/2027	5.21125000%	11/1/2027	2,385,210.12	33,106,275.71
12/1/2027	5.21125000%	12/1/2027	2,401,059.13	30,705,216.58
1/1/2028	5.21125000%	1/1/2028	2,407,177.76	28,298,038.82
2/1/2028	5.21125000%	2/1/2028	2,418,226.04	25,879,812.78
3/1/2028	5.21125000%	3/1/2028	2,436,988.32	23,442,824.45
4/1/2028	5.21125000%	4/1/2028	2,440,510.12	21,002,314.33
5/1/2028	5.21125000%	5/1/2028	2,454,820.90	18,547,493.43
6/1/2028	5.21125000%	6/1/2028	2,462,978.33	16,084,515.10
7/1/2028	5.21125000%	7/1/2028	2,476,664.12	13,607,850.98

INTEREST PERIOD COMMENCING	STATED INTEREST RATE	PAYMENT DATE	MONTHLY AMOUNT (SCHEDULED PRINCIPAL AMORTIZATION)	ENDING BALANCE
8/1/2028	5.21125000%	8/1/2028	2,485,649.92	11,122,201.06
9/1/2028	5.21125000%	9/1/2028	2,497,058.36	8,625,142.69
10/1/2028	5.21125000%	10/1/2028	2,509,796.17	6,115,346.53
11/1/2028	5.21125000%	11/1/2028	2,520,038.43	3,595,308.09
12/1/2028	5.21125000%	12/1/2028	2,532,137.02	1,063,171.08
1/1/2029	5.21125000%	1/1/2029	1,063,171.08	0.00
2/1/2029	5.21125000%	2/1/2029	-	0.00

GUARANTY OF RECOURSE OBLIGATIONS

This GUARANTY OF RECOURSE OBLIGATIONS, is made as of February 13, 2004 (this AGREEMENT), by ALEXANDER'S INC., a Delaware corporation (GUARANTOR), having an address for notice purposes c/o 888 Seventh Avenue, New York, New York 10019, to and for the benefit of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (together with its successors and assigns, the LENDER), having an office at 60 Wall Street, New York, New York 10005.

W I T N E S S E T H:

WHEREAS, 731 Office One LLC (BORROWER) is the owner of a fee simple interest in the real property commonly known as Office Unit 1 and Office Unit 2 of the Beacon Court Condominium located at 731 Lexington Avenue, New York, New York;

WHEREAS, on the date hereof, in accordance with the terms of a Loan and Security Agreement, dated as of the date hereof (as the same may be amended and supplemented from time to time, the LOAN AGREEMENT), between Lender, as lender, and Borrower, as borrower, Lender is making a loan to Borrower in the principal amount of \$400,000,000 (the LOAN), which Loan is evidenced by that certain Amended, Restated and Consolidated Note, dated as of the date hereof (as the same may be amended, substituted, replaced, exchanged and supplemented from time to time, the NOTE), made by and between Borrower and Lender and secured by that certain Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits, dated as of the date hereof (as the same may be amended and supplemented from time to time, the SECURITY INSTRUMENT), by and between Borrower and Lender and the other Loan Documents (as defined in the Loan Agreement);

WHEREAS, Guarantor is an affiliate of Borrower and will derive substantial benefit from the Loan;

WHEREAS, as a condition to making the Loan, Lender has required Guarantor to deliver this Agreement for the benefit of Lender;

WHEREAS, the forgoing recitals are intended to form an integral part of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, Ten Dollars (\$10.00) paid in hand, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor agrees as follows:

Section 1. Definitions. Capitalized terms used herein and not defined shall have the meaning provided in the Note or in the Loan Agreement if no definition is provided in the Note.

Section 2. Guaranty. Guarantor hereby absolutely and unconditionally guarantees to Lender the prompt and unconditional payment of all obligations and liabilities of Borrower for which Borrower shall be personally liable pursuant to the following (collectively, the GUARANTEED OBLIGATIONS):

- (a) any Losses incurred by or on behalf of Lender by reason of the fraudulent acts of Borrower or any Affiliate of Borrower;
- (b) Proceeds which Borrower or any Affiliate of Borrower has received and intentionally misapplied (it being agreed that Borrower shall not be deemed to have misapplied Proceeds unless same are received by Borrower and not paid to Lender, in a circumstance in which Lender is expressly entitled to receive same from Borrower pursuant to the terms of the Loan Agreement or any of the Loan Documents to be applied toward payment of the Indebtedness, or used for the repair or replacement of the Property in accordance with the provisions of the Loan Agreement);
- (c) all Losses incurred by Lender and arising from (i) any intentional misrepresentation of Borrower or any Affiliate of Borrower and/or (ii) Borrower's failure, after the occurrence of a Casualty Event, to cause Guarantor to deliver the Completion Guaranty to Lender in accordance with the terms and time periods set forth in Section 6.2.4 of the Loan Agreement, including, without limitation, any Losses incurred by or on behalf of Lender as a result of Lender's failure to make any Proceeds available to Borrower to restore the Property;
- (d) any misappropriation of Rents or security deposits by Borrower or any Affiliate of Borrower;
- (e) any Losses incurred by or on behalf of Lender by reason of all or any part of the Property or the Account Collateral being encumbered by a Lien (other than the Loan Agreement and the Security Instrument) in violation of the Loan Documents;
- (f) after the occurrence and during the continuance of an Event of Default, any Rents, issues, profits and/or income collected by Borrower or any Affiliate of Borrower (other than Rent sent to the Collection Account or paid directly to Lender pursuant to any notice of direction delivered to tenants of the Property) and not applied to payment of the Obligations or used to pay normal and verifiable Operating Expenses of the Property or otherwise applied in a manner permitted under the Loan Documents;
- (g) any Losses incurred by or on behalf of Lender by reason of physical damage to the Property from intentional waste committed by Borrower or any Affiliate of Borrower;
- (h) any Losses incurred by or on behalf of Lender by reason of the intentional failure of Borrower to comply with any of the provisions of Article XII of the Loan Agreement;

(i) any Losses incurred by or on behalf of Lender by reason of the occurrence of any of the following events:

(1) Borrower fails to comply with the material Single Purpose Entity requirements of the Loan Agreement (other than solely clause (xvii) of the definition of "Single Purpose Entity" set forth in the Loan Agreement); (2) Borrower fails to comply with any of the provisions of Section 8.1 and/or Section 8.5 of the Loan Agreement; (3) Borrower files a voluntary petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (4) an Affiliate, officer, director, or representative which controls, directly or indirectly, Borrower files, or joins in the filing of, an involuntary petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower from any Person; (5) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; (6) any Affiliate, officer, director, or representative which controls Borrower consents to or acquiesces in or joins in any application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of the Property; or (7) Borrower makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due;

(j) any Losses incurred by or on behalf of Lender as a result of (i) the failure of any or all of Borrower, any its Affiliates and/or any other owner of the Upper Option Space and/or Lower Option Space (as each such term is defined in the Bloomberg Lease) (other than Lender or any Affiliate of Lender), to comply with the terms of Article 36 (Option Space) of the Bloomberg Lease (or, following a foreclosure of the lien secured by the Security Instrument or a deed in lieu of foreclosure, Lender's inability to comply with the terms of Article 36 of the Bloomberg Lease as a result of such Person's failure to comply with the terms of such Article) (an EXPANSION SPACE DEFAULT), (ii) the exercise of any rights that Bloomberg may have as a result of any Expansion Space Default (whether pursuant to the Bloomberg Lease, at law or in equity), including, without limitation, any rights to set off any payments required under the Bloomberg Lease and/or (iii) paying any amount or performing any obligation with respect to the Upper Option Space and/or Lower Option Space after the occurrence of an Expansion Space Default;

(k) any Losses incurred by or on behalf of Lender as a result of the failure by Borrower and/or any of its Affiliates to comply in any respect with the terms of Section 15 of the Security Instrument; and/or

(l) reasonable attorneys' fees and expenses incurred by Lender in connection with any successful suit filed on account of any of the foregoing clauses (a) through (k).

The term "Losses" means any and all losses, damages, costs, expenses, liabilities, claims or other obligations reasonably incurred by Lender (including reasonable attorneys' fees and costs but excluding any punitive damages and lost profits).

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

Section 3. Guaranty of Payment. This Agreement is a guaranty of payment and not merely a guaranty of collection and upon any failure of Borrower to pay the Guaranteed Obligations under the Note, Lender may, at its option, proceed directly and at once, without notice to Borrower, against Guarantor to collect and recover the full amount of the liability to pay the Guaranteed Obligations hereunder or any portion thereof, without proceeding against Borrower or any other Person, or foreclosing upon, selling, or otherwise disposing of or collecting or applying against any of the collateral that is security for the Loan.

Section 4. Continuing Guaranty. This is a continuing guaranty and the obligations of Guarantor hereunder are and shall be absolute under any and all circumstances, including, without limitation, following a foreclosure of the lien secured by the Security Instrument or a deed in lieu of foreclosure, without regard to the validity, regularity or enforceability of the Note, the Loan Agreement, the Security Instrument or any other Loan Document, a true copy of each of said documents Guarantor hereby acknowledges having received and reviewed.

Section 5. Obligations Deferred. Any indebtedness of Borrower to Guarantor now or hereafter existing, including, without limitation, any rights to subrogation which Guarantor may have as a result of any payment by Guarantor under this Agreement, together with any interest thereon, shall be, and such indebtedness is, hereby deferred, postponed and subordinated to the prior payment in full of the Guaranteed Obligations. Until payment in full of the principal, interest, Yield Maintenance Premium (if applicable) and the Liquidated Damages Amount (if applicable) payable by Borrower pursuant to the terms of the Note, including interest accruing on the Note after the commencement of a proceeding by or against Borrower under the Bankruptcy Code which interest the parties agree shall remain a claim that is prior and superior to any claim of Guarantor notwithstanding any contrary practice, custom or ruling in cases under the Bankruptcy Code generally, Guarantor agrees not to accept any payment or satisfaction of any kind of indebtedness of Borrower to Guarantor and hereby assigns such indebtedness to Lender, including the right to file proof of claim and to vote thereon in connection with any such proceeding under the Bankruptcy Code, including the right to vote on any plan of reorganization. In no event shall "indebtedness" of the Borrower to Guarantor include normal and customary member distributions that Guarantor is entitled to receive pursuant to the terms of Borrower's operating agreement provided such distributions are not evidenced by a note or similar debt document.

Section 6. Expenses. Guarantor agrees that, promptly after notice or demand, Guarantor will reimburse Lender, to the extent that such reimbursement is not made by Borrower, for all reasonable out of pocket expenses, including, without limitation, reasonable counsel fees and disbursements, incurred by Lender in connection with the collection of the Guaranteed Obligations or any portion thereof.

Section 7. Waivers.

(a) Guarantor hereby waives notice of the acceptance hereof, presentment, demand for payment, protest, notice of protest, or any and all notice of non-payment, non-performance or non-observance, or other proof, or notice or demand, except as otherwise required hereunder.

(b) Guarantor agrees that the validity of this Agreement and the obligations of Guarantor hereunder shall in no way be terminated, affected or impaired by reason of (i) the assertion by Lender of any rights or remedies which it may have under or with respect to any of the Note, the Loan Agreement, the Security Instrument or any other Loan Documents against any Person obligated thereunder; (ii) any failure to file or record any of such instruments or to take or perfect any security intended to be provided thereby;

(iii) the release or exchange of any property or interest covered by the Loan Agreement or the Security Instrument or any other collateral for the Loan; (iv) Lender's failure to exercise, or delay in exercising, any such right or remedy or any right or remedy which Lender may have hereunder or in respect to this Agreement; (v) the commencement of a case under the Bankruptcy Code by or against any Person obligated under the Note, Loan Agreement, the Security Instrument or any other Loan Document; (vi) any payment made on the Guaranteed Obligations or any other indebtedness arising under the Note, the Loan Agreement, the Security Instrument or any other Loan Document, whether made by Borrower or Guarantor or any other Person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the Guaranteed Obligations, nor shall it have the effect of reducing the liability of Guarantor hereunder. It is further understood that if Borrower shall have taken advantage of, or be subject to the protection of, any provision in the Bankruptcy Code, the effect of which is to prevent or delay Lender from taking any remedial action against Borrower, including the exercise of any option Lender has to declare the Guaranteed Obligations due and payable on the happening of any default or event by which under the terms of the Note, the Loan Agreement the Security Instrument or any other Loan Document, the Guaranteed Obligations shall become due and payable then Lender may, as against Guarantor, declare the Guaranteed Obligations to be due and payable and enforce any or all of its rights and remedies against Guarantor provided for herein.

(c) This Agreement shall remain and continue in full force and effect as to any modification, extension or renewal of the Note, the Loan Agreement, the Security Instrument or any other Loan Document and Lender shall not be under a duty to protect, secure or insure any security or lien provided by the Loan Agreement or the Security Instrument or other such collateral, and that other indulgences or forbearance

may be granted under any or all of such documents, all of which may be made, done or suffered without notice to, or further consent of, Guarantor.

(d) Guarantor hereby waives the pleading of any statute of limitations as a defense to the obligation hereunder.

Section 8. Miscellaneous.

(a) **Marshalling. GUARANTOR WAIVES ANY RIGHT OR CLAIM OF RIGHT TO CAUSE A MARSHALLING OF BORROWER'S ASSETS OR TO CAUSE LENDER TO PROCEED AGAINST ANY OF THE SECURITY FOR THE LOAN BEFORE PROCEEDING UNDER THIS AGREEMENT AGAINST BORROWER OR TO PROCEED AGAINST GUARANTOR IN ANY PARTICULAR ORDER. GUARANTOR AGREES THAT ANY PAYMENTS REQUIRED TO BE MADE HEREUNDER SHALL BECOME DUE AND PAYABLE TEN (10) DAYS AFTER DEMAND. EXCEPT AS PERMITTED PURSUANT TO SECTION 5 HEREOF, GUARANTOR EXPRESSLY WAIVES AND RELINQUISHES ALL RIGHTS AND REMEDIES (INCLUDING ANY RIGHTS OF SUBROGATION) ACCORDED BY APPLICABLE LAW TO GUARANTOR.**

(b) **Joint and Several Obligation.** If Guarantor consists of more than one Person or entity, each shall be jointly and severally liable to perform the obligations of Guarantor hereunder. Any one of Borrower or one or more parties constituting Guarantor or any other party liable upon or in respect of this Agreement or the Loan may be released without affecting the liability of any party not so released.

(c) **Further Assurances.** Guarantor shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or now or hereafter intended to be created under this Agreement, to protect and further the validity, priority and enforceability of this Agreement or otherwise carry out the purposes of this Agreement and the transactions contemplated thereunder.

(d) **Notices.** All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by telecopier (with answer back acknowledged), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section and given at least twenty (20) days prior to the effective date of such change of address).

If to Guarantor:

Alexander's Inc.
888 Seventh Avenue

New York, New York 10019
Attention: Wendy Silverstein
Facsimile: (212) 894-7073
Confirmation No.: (212) 894-7000

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299
Attention: Ronald D. Sernau, Esq.
Facsimile: (212) 969 2900
Confirmation No.: (212) 969-3000

If to Lender:

German American Capital Corporation
60 Wall Street
New York, New York 10005
Attention: Eric Schwartz and General Counsel
Facsimile: (212) 250-7210
Confirmation No.: (212) 250-2500

with a copy
to the Servicer:

GMAC Commercial Mortgage Corporation
200 Witmer Road
Horsham, Pennsylvania 19044
Attention: Managing Director, Global
Facsimile: (215).328.3478
Confirmation No.: 215.328.1030

and copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Attention: Harvey R. Uris, Esq.
Facsimile: (212) 735-2000
Confirmation No.: (212) 735-3000

All notices, elections, requests and demands required or permitted under this Agreement shall be in the English language. All notices, elections, requests and demands under this Agreement shall be effective and deemed received upon the earliest of (i) the actual receipt of the same by personal delivery or otherwise, (ii) one (1) Business Day after being deposited with a nationally recognized overnight courier service as required above, (iii) upon delivery or rejection of delivery after being deposited in the United States mail as required above, or (iv) on the day sent if sent by facsimile with confirmation on or before 5:00 p.m. New York time on any Business Day or on the next Business Day if so delivered after 5:00 p.m. New York time or on any day other than a Business Day. Rejection or other refusal to accept or the inability to deliver because of changed address of

which no notice was given as herein required shall be deemed to be receipt of the notice, election, request, or demand sent.

(e) Entire Agreement. This Agreement constitutes the entire and final agreement between Guarantor and Lender with respect to the subject matter hereof and may only be changed, amended, modified or waived by an instrument in writing signed by Guarantor and Lender.

(f) No Waiver. No waiver of any term or condition of this Agreement, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No delay on Lender's part in exercising any right, power or privilege under this Agreement or any other Loan Document shall operate as a waiver of any privilege, power or right hereunder.

(g) Successors and Assigns. This Agreement shall be binding upon Guarantor and its successors and assigns of this Agreement and shall inure to the benefit of Lender and its successors and permitted assigns of the Loan Documents. Guarantor, without the prior written consent of Lender in each instance, may assign, transfer or set over to another, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, but not limited to, performance of and compliance with conditions hereof, provided that such assignment shall not release Guarantor of its obligations hereunder.

(h) Captions. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Agreement.

(j) Severability. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Agreement.

(k) GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER IN THE MANNER AND AT THE

ADDRESS SPECIFIED FOR NOTICES IN THE LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

(l) JURY TRIAL WAIVER. GUARANTOR AND LENDER AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER THEM, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF GUARANTOR OR LENDER WITH RESPECT TO THIS AGREEMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND GUARANTOR AND LENDER HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF GUARANTOR AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

(m) Counterclaims and Other Actions. Guarantor hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender in connection with this Agreement, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Agreement and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

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IN WITNESS WHEREOF, Guarantor has executed this Guaranty of Recourse Obligations as of the date first set forth above.

GUARANTOR:

ALEXANDER'S INC., a Delaware corporation

By: /s/ Brian Kurtz

Name: Brian Kurtz

Title: Assistant Secretary

ENVIRONMENTAL INDEMNITY

This ENVIRONMENTAL INDEMNITY, is made as of February 13, 2004 (this AGREEMENT), by ALEXANDER'S INC., a Delaware corporation (GUARANTOR) and 731 Office One LLC, a Delaware limited liability company (BORROWER, and, collectively with Guarantor, INDEMNITOR), each having an address for notice purposes 888 Seventh Avenue, New York, New York 10019, for the benefit of GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation (LENDER), having an office at 60 Wall Street, New York, New York 10005.

W I T N E S S E T H:

WHEREAS, Borrower is the owner of a fee simple interest in the real property commonly known as Office Unit 1 and Office Unit 2 of the Beacon Court Condominium located at 731 Lexington Avenue, New York, New York, and more particularly described on Exhibit A attached hereto and incorporated herein (the PROPERTY);

WHEREAS, on the date hereof, in accordance with the terms of a Loan and Security Agreement, dated as of the date hereof (as the same may be amended and supplemented from time to time, the LOAN AGREEMENT), between Lender, as lender, and Borrower, as borrower, Lender is making a loan to Borrower in the principal amount of \$400,000,000 (the LOAN), which Loan is evidenced by that certain Amended, Restated and Consolidated Note, dated as of the date hereof (as the same may be amended, substituted, replaced, exchanged and supplemented from time to time, the NOTE), made by and between Borrower and Lender and secured by that certain Amended, Restated and Consolidated Mortgage, Security Agreement, Financing Statement and Assignment of Leases, Rents and Security Deposits, dated as of the date hereof (as the same may be amended and supplemented from time to time, the SECURITY INSTRUMENT), by and between Borrower and Lender and the other Loan Documents (as defined in the Loan Agreement);

WHEREAS, Guarantor is an affiliate of Borrower and will derive substantial benefit from the Loan;

WHEREAS, as a condition to making the Loan, Lender has required Indemnitor to deliver this Agreement for the benefit of Lender;

WHEREAS, the forgoing recitals are intended to form an integral part of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, Ten Dollars (\$10.00) paid in hand, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Indemnitor agrees as follows:

Section 1. Definitions.

(a) The following terms shall have the meaning ascribed thereto:

AGREEMENT: Shall have the meaning provided in the first paragraph.

BORROWER: Shall have the meaning provided in the Recitals.

ENVIRONMENTAL LAW: Shall have the meaning provided in the Loan Agreement.

GUARANTOR: Shall have the meaning provided in the Recitals.

HAZARDOUS MATERIALS: Shall have the meaning provided in the Loan Agreement.

INDEMNIFIED PARTIES: Shall mean Lender, its parent, subsidiaries and affiliates, each of their respective shareholders, directors, officers, employees and agents, and the successors and assigns of any of them; and "Indemnified Party" shall mean any one of the Indemnified Parties.

INDEMNITOR: Shall have the meaning provided in the first paragraph.

LENDER: Shall have the meaning provided in the first paragraph.

LOAN AGREEMENT: Shall have the meaning provided in the Recitals.

NOTE: Shall have the meaning provided in the Recitals.

RELEASE: Shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or discarding, abandoning, or disposing into the environment in violation of applicable Environmental Law.

SECURITY INSTRUMENT: Shall have the meaning provided in the Recitals.

STORING: Shall mean any storing or burying of any Hazardous Materials into the environment in violation of applicable Environmental Law.

TERMINATION EVENT: Shall mean the first to occur of:

satisfaction in full of the Obligations (as defined in the Security Instrument); Lender or Lender's agents or any receiver appointed by or at the request of Lender taking possession of the Property by foreclosure; or Lender or any Lender nominee acquiring title to the Property by foreclosure, conveyance of a deed in lieu of foreclosure or otherwise.

THREAT OF RELEASE: Shall mean a substantial likelihood of a Release which requires action to prevent or mitigate damage to the environment which may result from such Release.

(b) Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Loan Agreement, unless otherwise expressly provided herein. All references to sections shall be deemed to be references to sections of this Agreement, unless otherwise indicated.

Section 2. Indemnity Agreement. Indemnitor covenants and agrees, at its sole cost and expense, to indemnify, defend (at trial and appellate levels and with attorneys, consultants and experts selected by Indemnitor and reasonably acceptable to Lender) and hold each Indemnified Party harmless against and from any and all liens, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, but subject to the provisions hereof, reasonable attorneys', consultants' and experts' fees and disbursements incurred in investigating, defending against, settling or prosecuting any claim, litigation or proceeding but excluding any lost profits) which may at any time be imposed upon, incurred by or asserted or awarded against such Indemnified Party or the Property and, and arising directly or indirectly from or out of: (A) the Release, Storing or Threat of Release of any Hazardous Materials in, on or affecting all or any portion of the Property or any surrounding areas, regardless of whether or not caused by or within the control of Borrower or Indemnitor, first occurring prior to (but need not be discovered prior to) a Termination Event; (B) the violation of any applicable Environmental Laws relating to or affecting the Property or Borrower, whether or not caused by or within the control of Borrower or Indemnitor first occurring prior to (but need not be discovered prior to) a Termination Event; (C) the failure of Indemnitor to comply with the terms and conditions of this Agreement; (D) the violation of any applicable Environmental Laws in connection with other real property of Borrower or Indemnitor which gives or is reasonably likely to give rise to any rights whatsoever in any party with respect to the Property by virtue of any Environmental Laws; or (E) the enforcement of this indemnity, in a commercially reasonable manner, including, without limitation, (i) the costs of assessment, containment and/or removal of any and all Hazardous Materials from all or any portion of the Property or any surrounding areas to the extent such Hazardous Materials existed (but need not have been discovered) at the Property prior to a Termination Event and to the extent required by any applicable Environmental Laws, (ii) the costs of any actions required under Applicable Laws to be taken in response to a Release, Storing or Threat of Release of any Hazardous Materials in, on or affecting all or any portion of the Property or any surrounding areas to prevent or minimize such Release, Storing or Threat of Release so that it does not migrate or otherwise cause or threaten danger to present or future public health, safety, welfare or the environment to the extent such Hazardous Materials existed (but need not have been discovered) at the Property prior to a Termination Event, and (iii) costs incurred to comply with applicable Environmental Laws in connection with all or any portion of the Property or (to the extent any condition originating on the Property requires compliance with applicable Environmental Laws in connection with any surrounding areas) with any surrounding areas to the extent Hazardous Materials existed (but need not have been discovered) at the Property prior to a Termination Event. Indemnitor's obligations hereunder are separate and distinct from its obligations under the Loan Documents, and Lender's and the other Indemnified Parties' rights under this Agreement shall be in addition to all rights of Lender under the Loan Documents. If any such action or other proceeding shall be brought against Lender, upon written notice from Indemnitor to Lender (given reasonably promptly following Lender's notice to Indemnitor of such action or proceeding), Indemnitor shall be entitled to assume the defense thereof, at

Indemnitor's expense, with counsel reasonably acceptable to Lender; provided, however, Lender may, at its own expense, retain separate counsel to participate in such defense, but such participation shall not be deemed to give Lender a right to control such defense, which right Indemnitor expressly retains. Notwithstanding the foregoing, each Indemnified Party shall have the right to employ separate counsel at Indemnitor's expense if, in the reasonable opinion of legal counsel, a conflict or potential conflict exists between the Indemnified Party and Indemnitor and/or the other Indemnified Parties, as the case may be, that would make such separate representation advisable. Notwithstanding the foregoing, Indemnitor shall have no liability under this Agreement if the liens, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever are due to the gross negligence or willful misconduct of Lender.

Section 3. Survival.

(a) This Agreement and the indemnities provided herein shall survive the repayment of the Loan and, subject to the terms of such indemnity, any exercise of any remedies under the Loan Documents, including without limitation, any remedy in the nature of foreclosure for the period of five (5) years immediately following a Termination Event, and shall not merge with any assignment or conveyance given by Borrower to Lender in lieu of foreclosure.

(b) It is agreed and intended by Indemnitor and Lender that this Agreement and the Indemnities provided herein may be assigned or otherwise transferred by Lender to its successors and assigns and to any subsequent purchaser of all or any portion of the Loan by, through or under Lender, without notice to Indemnitor and without any further consent of Indemnitor. To the extent consent of any such permitted assignment or transfer is required by law, advance consent to any such assignment or transfer is hereby given by Indemnitor in order to maximize the extent and effect of the indemnity given hereby.

Section 4. Miscellaneous.

(a) No Waiver. The liabilities of Indemnitor under this Agreement shall in no way be limited or impaired by, and Indemnitor hereby consents to and agrees to be bound by, any amendment or modification of the provisions of the Loan Documents to or with Lender by Borrower or any Person who succeeds Borrower or any other Person as owner of any portion of the Property. In addition, notwithstanding any terms of any of the Loan Documents to the contrary, the liability of Indemnitor under this Agreement shall in no way be limited or impaired by: (i) any extensions of time for performance required by any of the Loan Documents; (ii) any sale, assignment or foreclosure of the Note or the Loan Documents or any sale or transfer of all or part of the Property; (iii) any exculpatory provision in any of the Loan Documents limiting Lender's recourse to property encumbered by the Loan Documents or to any other security, or limiting Lender's rights to a deficiency judgment against Borrower; (iv) the accuracy or inaccuracy of the representations and warranties made by Borrower under any of the

Loan Documents; (v) the release of Borrower or any other Person from performance or observance of any of the agreements, covenants, terms or conditions contained in the Loan Documents by operation of law, Lender's voluntary act, or otherwise;

(vi) the release or substitution, in whole or in part, of any security for the Loan; or (vii) Lender's failure to record the Security Instrument or file any UCC-1 financing statements (or Lender's improper recording or filing of any thereof) or to otherwise perfect, protect, secure or insure any security interest or lien given as security for the Loan; and, in any such case, whether with or without notice to Indemnitator and with or without consideration.

(b) Marshalling. INDEMNITOR WAIVES ANY RIGHT OR

CLAIM OF RIGHT TO CAUSE A MARSHALLING OF BORROWER'S ASSETS OR TO CAUSE LENDER TO PROCEED AGAINST ANY OF THE SECURITY FOR THE LOAN BEFORE PROCEEDING UNDER THIS AGREEMENT AGAINST BORROWER OR TO PROCEED AGAINST INDEMNITOR IN ANY PARTICULAR ORDER. INDEMNITOR AGREES THAT ANY PAYMENTS REQUIRED TO BE MADE HEREUNDER SHALL BECOME DUE AND PAYABLE TEN (10) DAYS AFTER DEMAND. INDEMNITOR EXPRESSLY WAIVES AND RELINQUISHES ALL RIGHTS AND REMEDIES (INCLUDING ANY RIGHTS OF SUBROGATION) ACCORDED BY APPLICABLE LAW TO INDEMNITOR, PRIOR TO THE EXPIRATION OF THE FIFTH ANNIVERSARY OF THE OCCURRENCE OF A TERMINATION EVENT.

(c) Joint and Several Obligation. If Indemnitator consists of more than one Person or entity, each shall be jointly and severally liable to perform the obligations of Indemnitator hereunder. Any one of Borrower or one or more parties constituting Indemnitator or any other party liable upon or in respect of this Agreement or the Loan may be released without affecting the liability of any party not so released.

(d) Further Assurances. Indemnitator shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or now or hereafter intended to be created under this Agreement, to protect and further the validity, priority and enforceability of this Agreement or otherwise carry out the purposes of this Agreement and the transactions contemplated thereunder.

(e) Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by telecopier (with answer back acknowledged), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section and given at least twenty (20) days prior to the effective date of such change of address).

If to Indemnitor: 731 Office One LLC
c/o Alexander's Inc.
888 Seventh Avenue
New York, New York 10019
Attention: Ms. Wendy Silverstein
Facsimile: (212) 894-7073
Confirmation No.: (212) 894-7000

and to: Alexander's Inc.
888 Seventh Avenue
New York, New York 10019
Attention: Ms. Wendy Silverstein
Facsimile: (212) 894-7073
Confirmation No.: (212) 894-7000

with a copy to: Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299
Attention: Ronald D. Sernau, Esq.
Facsimile: (212) 969 2900
Confirmation No.: (212) 969-3000

If to Lender: German American Capital Corporation
60 Wall Street
New York, New York 10005
Attention: Eric Schwartz and General Counsel
Facsimile: (212) 250-7210
Confirmation No.: (212) 250-2500

with a copy
to the Servicer: GMAC Commercial Mortgage Corporation
200 Witmer Road
Horsham, Pennsylvania 19044
Attention: Managing Director, Global
Facsimile: (215).328.3478
Confirmation No.: 215.328.1030

with a copy to: Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Attention: Harvey R. Uris, Esq.
Facsimile: (212) 735-2000
Confirmation No.: (212) 735-3000

All notices, elections, requests and demands required or permitted under this Agreement shall be in the English language. All notices, elections, requests and demands under this Agreement shall be effective and deemed received upon the earliest of (i) the actual receipt of the same by personal delivery or otherwise, (ii) one (1) Business Day after being deposited with a nationally recognized overnight courier service as required above, (iii) upon delivery or rejection of delivery after being deposited in the United States mail as required above, or (iv) on the day sent if sent by facsimile with confirmation on or before 5:00 p.m. New York time on any Business Day or on the next Business Day if so delivered after 5:00 p.m. New York time or on any day other than a Business Day. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as herein required shall be deemed to be receipt of the notice, election, request, or demand sent.

(f) Entire Agreement. This Agreement constitutes the entire and final agreement between Indemnitor and Lender with respect to the subject matter hereof and may only be changed, amended, modified or waived by an instrument in writing signed by Indemnitor and Lender.

(g) No Waiver. No waiver of any term or condition of this Agreement, whether by delay, omission or otherwise, shall be effective unless in writing and signed by the party sought to be charged, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No delay on Lender's part in exercising any right, power or privilege under this Agreement or any other Loan Document shall operate as a waiver of any privilege, power or right hereunder.

(h) Successors and Assigns. This Agreement shall be binding upon Indemnitor and its successors and assigns and shall inure to the benefit of Lender and its successors and permitted assigns. Indemnitor, without the prior written consent of Lender in each instance, may assign, transfer or set over to another, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, but not limited to, performance of and compliance with conditions hereof, provided that such assignment shall not release Indemnitor of its obligations hereunder.

(i) Captions. All paragraph, section, exhibit and schedule headings and captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one binding Agreement.

(k) Severability. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Agreement.

(l) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES. INDEMNITOR AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON INDEMNITOR IN THE MANNER AND AT THE ADDRESS SPECIFIED FOR NOTICES ABOVE. INDEMNITOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

(m) JURY TRIAL WAIVER. INDEMNITOR, LENDER AND THE INDEMNIFIED PARTIES AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER THEM, HEREBY EXPRESSLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF INDEMNITOR, LENDER OR ANY INDEMNITEE WITH RESPECT TO THIS AGREEMENT (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND INDEMNITOR, LENDER AND EACH INDEMNITEE HEREBY AGREE AND CONSENT THAT AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT HERETO TO THE WAIVER OF ANY RIGHT TO TRIAL BY JURY. EACH OF INDEMNITOR AND LENDER ACKNOWLEDGES THAT IT HAS CONSULTED WITH LEGAL COUNSEL REGARDING THE MEANING OF THIS WAIVER AND ACKNOWLEDGES THAT THIS WAIVER IS AN ESSENTIAL INDUCEMENT FOR THE MAKING OF THE LOAN. THIS WAIVER SHALL SURVIVE THE REPAYMENT OF THE LOAN.

(n) Counterclaims and other Actions. Indemnitor hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender on this Agreement, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Agreement and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding.

(o) Non-Recourse. Recourse with respect to any claims arising under or in connection with this Agreement shall be limited to the extent provided in Article XVIII of the Loan Agreement and the terms, covenants and conditions of Article XVIII of the Loan Agreement are hereby incorporated by reference as if fully set forth in this Agreement.

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IN WITNESS WHEREOF, Indemnitor has executed this Environmental Indemnity as of the day and year first written above.

INDEMNITOR:

731 OFFICE ONE LLC, a Delaware limited liability company

By: 731 OFFICE ONE HOLDING LLC, a Delaware limited liability company, its sole member

By: ALEXANDER'S INC., a Delaware corporation, its sole member

By: /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

ALEXANDER'S INC., a Delaware corporation

By /s/ Brian Kurtz

Name: Brian Kurtz
Title: Assistant Secretary

EXHIBIT A

(Office Unit 1)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 1" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1002 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 49.0559% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

(Office Unit 2)

The Condominium Unit (the "Unit") in the premises known as Beacon Court Condominium and by the street number by the street number 151 East 58th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as "Office Unit 2" in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated December 4, 2003, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on February 3, 2004, in CRFN No. 2004000064392, and also designated as Tax Lot 1003 in Block 1313 of Section 5 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Peter Claman, Registered Architect, on January 29, 2004, and filed in the Real Property Assessment Department of the City of New York on January 30, 2004 as Condominium Plan No. 1350 also filed in the City Register's Office on February 3, 2004 in CRFN No. 2004000064393. All capitalized terms herein which are not separately defined herein will have the meanings given to those terms in the Declaration or in the by-laws of Beacon Court Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

TOGETHER with an undivided 14.0095% percentage interest in the General Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which constitute covenants running with the Land and will bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein;

The premises within which the Unit is located is more particularly described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the southerly side of East 59th Street and the westerly side of Third Avenue;

RUNNING THENCE southerly, along the westerly side of Third Avenue, 200'-10" to the northerly side of East 58th Street;

THENCE westerly, along the northerly side of East 58th Street 420' to the easterly side of Lexington Avenue;

THENCE northerly along the easterly side of Lexington Avenue, 200'-10" to the southerly side of East 59th Street;

THENCE easterly, along the southerly side of East 59th Street, 420' to the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the burdens of the easements set forth in the deed made by Seven Thirty One Limited Partnership to 59th Street Corporation dated as of 8/1/2001 and recorded 8/8/2001 in Reel 3339 Page 1100.

EXHIBIT 12
ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES
(amounts in thousands except ratios)

	Year Ended December 31,				
	2003	2002	2001	2000	1999
Pretax income (loss) from continuing operations before fixed charges	\$(18,948)	\$ 12,400	\$ 26,440	\$ 4,425	\$ 4,743
Fixed charges (1)	13,830	23,027	22,608	21,563	17,786
Earnings	\$ (5,118)	\$ 35,427	\$ 49,048	\$ 25,988	\$ 22,529
Fixed charges (2)					
Interest and debt expense	\$ 13,691	\$ 22,888	\$ 22,469	\$ 21,424	\$ 17,647
1/3 of rent expense - interest factor (3)	139	139	139	139	139
Capitalized interest	13,830	23,027	22,608	21,563	17,786
	37,516	23,788	19,259	16,731	9,352
	\$ 51,346	\$ 46,815	\$ 41,867	\$ 38,294	\$ 27,138
Ratio of earnings to fixed charges	--	--	1.17	--	--
Deficiency in earnings available to cover fixed charges	\$(56,464)	\$(11,388)	\$ --	\$(12,306)	\$ (4,609)

(1) For purposes of the calculation of the numerator, fixed charges does not include capitalized interest.

(2) There were no preference securities outstanding during the periods shown.

(3) This is the portion of operating lease rental expense deemed to represent the interest factor.

EXHIBIT 21
ALEXANDER'S, INC.
SUBSIDIARIES OF REGISTRANT

Alexander's of Brooklyn, Inc.
Alexander's Kings, LLC
Alexander's Kings Plaza, LLC
Alexander's Paramus, LLC
Alexander's of Rego Park II, Inc.
Alexander's of Rego Park III, Inc.
Alexander's of Flushing, Inc.
Alexander's Department Stores of New Jersey, Inc. Alexander's Department Stores of Brooklyn, Inc. Kings Parking, LLC
Ownreal Inc.
Sakraf Wine & Liquor Store, Inc.
Alexander's Personnel Providers, Inc.
Alexander's Rego Shopping Center Inc.
731 Commercial Holding LLC
731 Commercial LLC
731 Residential Holding LLC
731 Residential LLC

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation in Registration Statement No. 333-110673 of Alexander's, Inc. on Form S-3 of our report dated March 2, 2004 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's adoption of SFAS No. 144 on January 1, 2002) appearing in this Annual Report on Form 10-K of Alexander's, Inc. for the year ended December 31, 2003, and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

Deloitte & Touche LLP
Parsippany, New Jersey
March 2, 2004

EXHIBIT 31.1
CERTIFICATION

I, Steven Roth, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alexander's, Inc.;
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.

March 2, 2004

/s/Steven Roth

Steven Roth
Chief Executive Officer

EXHIBIT 31.2
CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alexander's, Inc.;
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.

March 2, 2004

/s/Joseph Macnow

Joseph Macnow
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Alexander's, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2003 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 2, 2004

/s/ Steven Roth

Name: Steven Roth

Title: Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Alexander's, Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2003 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 2, 2004

/s/ Joseph Macnow

Name: Joseph Macnow

*Title: Executive Vice President and Chief
Financial Officer*

End of Filing